

FINAL OFFICIAL STATEMENT DATED DECEMBER 5, 2002

NEW ISSUE  
Book-Entry-Only

INSURANCE: AMBAC  
RATING: S&P: "AAA"  
(See "Ratings" herein)

*In the opinion of Ice Miller, Indianapolis, Indiana ("Bond Counsel"), under existing laws, regulations, judicial decisions and rulings, interest on the Series 2002 C Bonds (hereinafter defined) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2002 C Bonds. In the opinion of Bond Counsel under existing laws, regulations, judicial decisions and rulings, interest on the Series 2002 C Bonds is exempt from income taxation in the State of Indiana. See "TAX MATTERS", "ORIGINAL ISSUE DISCOUNT", "AMORTIZABLE BOND PREMIUM" and Appendix B herein.*

**\$5,000,000**  
**THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK**  
**BONDS, SERIES 2002 C**

Dated: Date of Delivery

Due: January 10, as shown on the inside cover

The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002 C (the "Series 2002 C Bonds") will be dated the date of delivery, and will bear interest from that date to their respective maturities in the amounts and at the rates set forth on the inside cover hereof. The Series 2002 C Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2002 C Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2002 C Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Series 2002 C Bonds. Interest on the Series 2002 C Bonds is payable on January 10 and July 10 of each year, commencing July 10, 2003. Interest, together with the principal and redemption premium, if any, of the Series 2002 C Bonds, will be paid directly to DTC by Bank One Trust Company, National Association, in Indianapolis, Indiana, as paying agent (the "Paying Agent") under the Indenture, as defined and described herein, so long as DTC or its nominee is the registered owner of the Series 2002 C Bonds. The final disbursement of such payments to the Beneficial Owners of the Series 2002 C Bonds will be the responsibility of the DTC Participants and the Indirect Participants, all as defined and more fully described herein under the caption "THE SERIES 2002 C BONDS - Book-Entry-Only System."

The Series 2002 C Bonds are issued by The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") for the principal purposes of providing funds to: (i) purchase the Indianapolis Public Transportation Corporation General Obligation Bonds of 2002 (the "Qualified Obligations") to be issued by the Indianapolis Public Transportation Corporation (the "Qualified Entity"); (ii) pay the costs of issuance of the Series 2002 C Bonds; and (iii) pay for certain program expenses of the Bond Bank. The Qualified Entity will use a portion of the proceeds of the Qualified Obligations to pay a portion of the costs of the New Projects (as defined herein), to pay capitalized interest on the Qualified Obligations through January 10, 2004, and to redeem on the date of delivery of the Series 2002 C Bonds the Qualified Entity's \$4,500,000 Note of 2001 ("2001 Note"). The Qualified Entity has adopted an ordinance authorizing the issuance of the Qualified Obligations and their sale to the Bond Bank and will enter into an agreement with the Bond Bank setting forth the terms of such purchase. The Qualified Obligations are payable from an unlimited ad valorem property tax levied on all taxable property within the boundaries of the Qualified Entity, which is coterminous with Marion County, Indiana, except for the cities of Lawrence and Southport and the Town of Speedway, and are backed by the full faith and credit of the Qualified Entity. See "THE QUALIFIED ENTITY - SOURCES OF REVENUES."

The Series 2002 C Bonds are subject to optional redemption prior to maturity as described herein under the caption "THE SERIES 2002 C BONDS - Optional Redemption."

The Series 2002 C Bonds are limited obligations of the Bond Bank payable solely out of the revenues and funds of the Bond Bank pledged therefor under the Indenture, as more fully described herein. The Series 2002 C Bonds do not constitute a debt, liability or loan of the credit of the State of Indiana or any political subdivision thereof, including the City of Indianapolis, Indiana (the "City"), Marion County (the "County") and the Qualified Entity, under the constitution and laws of the State of Indiana or a pledge of the faith, credit and taxing power of the State of Indiana or any political subdivision thereof, including the City, County and Qualified Entity. The sources of payment of, and security for, the Series 2002 C Bonds are more fully described herein. The Bond Bank has no taxing power.

Payment of the principal of and interest on the Series 2002 C Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2002 C Bonds.

**Ambac**

A detailed maturity schedule for the Series 2002 C Bonds is set forth on the inside cover of this Official Statement.

This cover page contains information for reference only and is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

**MCDONALD INVESTMENTS, INC.**

December 18, 2002

The Series 2002 C Bonds are offered when, as and if issued by the Bond Bank and received by the Underwriter and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Ice Miller, Indianapolis, Indiana, Bond Counsel. Ice Miller also serves as bond counsel to the Qualified Entity. Certain legal matters will be passed on for the Bond Bank and the City by the Corporation Counsel for the City, for the Qualified Entity by its counsel, Mr. David Brooks of the law firm of Brooks, Koch & Sorg, Indianapolis, Indiana, and for the Underwriter by its counsel, Bingham McHale LLP, Indianapolis, Indiana. It is expected that the Series 2002 C Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about December 18, 2002.

MATURITY SCHEDULE  
(Base CUSIP\* 455280)

The Series 2002 C Bonds shall mature on January 10 in the year and in the principal amounts, and shall bear interest at the rates per annum, all as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2005	\$230,000	2.250%	2.220%	7C5
2006	230,000	2.600%	2.600%	7D3
2007	225,000	3.000%	2.960%	7E1
2008	215,000	3.250%	3.300%	7F8
2009	225,000	3.500%	3.550%	7G6
2010	275,000	3.700%	3.800%	7H4
2011	300,000	3.900%	4.000%	7J0
2012	300,000	4.000%	4.100%	7K7
2013	280,000	4.100%	4.200%	7L5
2014	275,000	4.350%	4.330%	7M3
2015	265,000	4.450%	4.450%	7N1
2016	305,000	4.550%	4.550%	7P6
2017	1,875,000	5.125%	4.700%	7Q4

No dealer, broker, salesperson or other person has been authorized by the Bond Bank or by the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2002 C Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2002 C Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the information presented herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2002 C BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2002 C BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOND BANK AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THE SERIES 2002 C BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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## **FINAL OFFICIAL STATEMENT**

**\$5,000,000**

### **The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002 C**

## **INTRODUCTION**

The purpose of this Official Statement, including the cover page and appendices, is to set forth certain information concerning the issuance and sale by The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") of its \$5,000,000 aggregate principal amount of Bonds, Series 2002 C (the "Series 2002 C Bonds") to be issued by the Bond Bank. The Series 2002 C Bonds are authorized by a resolution adopted by the Board of Directors of the Bond Bank on March 18, 2002, and are issued pursuant to the provisions of a Trust Indenture, dated as of April 1, 2002 (the "Indenture"), and the laws of the State of Indiana, including particularly Indiana Code 5-1.4 (the "Act"). Bank One Trust Company, National Association, Indianapolis, Indiana is the Trustee (the "Trustee") and the Registrar and Paying Agent ("Registrar" or "Paying Agent") under the Indenture.

### **The Program**

The proceeds from the sale of the Series 2002 C Bonds will be used to provide funds to: (i) purchase the \$5,000,000 Indianapolis Public Transportation Corporation General Obligation Bonds of 2002 (the "Qualified Obligations") to be issued by the Indianapolis Public Transportation Corporation (the "Qualified Entity"); (ii) pay for certain costs of issuance of the Series 2002 C Bonds, including Underwriter's discount; and (iii) pay for certain program expenses of the Bond Bank. The Qualified Entity will use the proceeds from the sale of the Qualified Obligations to pay a portion of the costs of the New Projects (as hereinafter defined), to pay capitalized interest on the Qualified Obligations, to pay issuance expenses and to redeem the Qualified Entity's Notes of 2001 (the "Outstanding Notes") outstanding as of the date of this Official Statement in the aggregate principal amount of \$4,500,000. See "FINANCING PLAN - Sources and Uses of Qualified Obligations Proceeds."

The Qualified Entity adopted Ordinance No. 02-2002 on February 20, 2002 as amended on August 15, 2002 (the "Authorizing Instrument") authorizing the issuance of the Qualified Obligations and their sale to the Bond Bank and will enter into a Qualified Entity Purchase Agreement (the "Purchase Agreement") with the Bond Bank setting forth the terms of the purchase of such Qualified Obligations by the Bond Bank. The Qualified Obligations are general obligations of the Qualified Entity payable from an unlimited ad valorem property tax levied on all taxable property within the boundaries of the Qualified Entity, which is coterminous with Marion County, Indiana (the "County") except for the cities of Lawrence and Southport and the Town of Speedway ("Excluded Municipalities").

### **Security and Sources of Payment for the Series 2002 C Bonds**

The Series 2002 C Bonds will be issued under and secured by the Indenture. The principal of and interest on any and all of the Series 2002 C Bonds, together with any bonds that may be authorized and issued by the Bond Bank under the Indenture on a parity with the Series 2002 C Bonds (collectively, the "Bonds"), are payable from those revenues and funds of the Bond Bank which, together with the Qualified Obligations, are pledged pursuant to the Indenture for the benefit of the owners of the Bonds without priority. Neither the faith, credit nor taxing power of the State of Indiana (the "State") or any political subdivision thereof, including the City of Indianapolis (the "City"), the County, and the Qualified Entity, are pledged to the payment of the principal of, premium, if any, and interest on any of the Bonds. The Bonds are not a debt, liability, loan of the credit or pledge of the faith and credit of the State or of any political subdivision thereof, including the City, the County and the Qualified Entity. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act. The Bond Bank will not maintain a debt service reserve fund for the Bonds and the provisions of Indiana Code 5-1.4-5 regarding the Bond Bank's obligation to request the City-County Council to replenish the debt service reserve do not apply to the Bonds. The Bonds are issued and secured separately from any other obligations issued by the Bond Bank.

The Bonds are secured by the pledge of the Trust Estate established under the Indenture (the "Trust Estate"), defined to be all cash and securities in the funds and accounts established by the Indenture (except the Rebate Fund and accounts therein, as described herein) (hereinafter the "Funds" and "Accounts") and the investment earnings thereon and all proceeds thereof and the Qualified Obligations and any parity obligations and the earnings thereon and the proceeds thereof. All Bonds will be secured equally and ratably by all of the foregoing. The sources of payment for the Bonds are further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2002 C BONDS."

## **The New Projects**

The new projects to be funded in part with a portion of the proceeds of the Qualified Obligations consist of (i) the purchase of 26 forty-foot heavy duty transit coaches, (ii) the purchase of 62 para-transit coaches, (iii) preventive maintenance costs; (iv) replacement and expansion of the Qualified Entity's current radio system, (v) facility rehabilitation, and (vi) other capital improvements (collectively, the "New Projects").

## **The Series 2002 C Bonds**

Interest on the Series 2002 C Bonds will accrue over time at the rates per annum set forth on the inside cover page hereof and will be payable on July 10, 2003, and semiannually on each January 10 and July 10 thereafter. The Series 2002 C Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. See "THE SERIES 2002 C BONDS."

The Series 2002 C Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2002 C Bonds will be made in book-entry-only form. Purchasers of beneficial interests in the Series 2002 C Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Series 2002 C Bonds. Interest on the Series 2002 C Bonds, together with principal of the Series 2002 C Bonds, will be paid by the Paying Agent directly to DTC, so long as DTC or its nominee is the registered owner of the Series 2002 C Bonds. The final disbursement of such payments to Beneficial Owners of the Series 2002 C Bonds will be the responsibility of the DTC Participants and Indirect Participants, all as defined and more fully described herein. See "THE SERIES 2002 C BONDS - Book-Entry-Only System."

The Series 2002 C Bonds are subject to optional redemption prior to maturity as described herein under the caption "THE SERIES 2002 C BONDS - "Optional Redemption."

## **The Bond Bank and the Act**

The Bond Bank is a body corporate and politic, separate from the City, established for the public purposes set forth in the Act. The Bond Bank has no taxing power. The Bond Bank is governed by a Board of five Directors, each appointed by the Mayor of the City.

Pursuant to the Act, the purpose of the Bond Bank is to buy and sell securities of "qualified entities", defined in the Act to be the consolidated city, the consolidated city's county, any special taxing district located wholly within the county, any entity whose tax levies are subject to review and modification by the city-county legislative body under Indiana Code 36-3-6-9, a charter school sponsored by the Mayor of the City and any authority created under Indiana Code Title 36 that leases land or facilities to any of the foregoing qualified entities. The Qualified Entity is a "qualified entity" as defined in the Act.

## **The Official Statement; Additional Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained in this Introduction is qualified by reference to this entire Official Statement (including the appendices). This Introduction is only a brief description and a full review should be made of this entire Official Statement (including the appendices), as well as the documents summarized or described in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument. Summaries of certain provisions of the Indenture are set forth in Appendix B.

An unaudited Balance Sheet and a Statement of Revenues and Expenses of the Indianapolis Public Transportation Corporation for the year ended December 31, 2001 are attached as Appendix D. Statistical tables of the Qualified Entity for the year 2001 of the Comprehensive Annual Financial Report are attached as Appendix E. See "AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION" herein.

Information contained in this Official Statement with respect to the Bond Bank and the Qualified Entity and copies of the Indenture and the Authorizing Instrument may be obtained from The Indianapolis Local Public Improvement Bond Bank, 200 East Washington Street, Room 2421, City-County Building, Indianapolis, Indiana 46204. The Bond Bank's telephone number is (317) 327-4078.

## **THE SERIES 2002 C BONDS**

### **General Description**

The Series 2002 C Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2002 C Bonds will be dated as of the date of their delivery.

Interest on the Series 2002 C Bonds will be payable on January 10 and July 10 of each year, commencing July 10, 2003 (each an "Interest Payment Date"). The Series 2002 C Bonds will bear interest (calculated on the basis of a 30-day month and a 360-day year) at the rates and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Each Series 2002 C Bond will bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated prior to the closing of business on June 25, 2003, in which event it will bear interest from the date of delivery, or (b) authenticated after the fifteenth day immediately preceding an Interest Payment Date (a "Record Date"), in which event it will bear interest from such Interest Payment Date; provided, however, that if, at the time of authentication of any Series 2002 C Bond, interest is in default, such Series 2002 C Bond will bear interest from the date to which interest has been paid.

When issued, all Series 2002 C Bonds will be registered in the name of and held by Cede & Co., as nominee for DTC. Purchases of beneficial interests from DTC in the Series 2002 C Bonds will be made in book-entry-only form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Series 2002 C Bonds, payments of the principal of and interest on the Series 2002 C Bonds will be made directly by the Paying Agent by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the "DTC Participants") will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners, as defined herein, of the Series 2002 C Bonds will be the responsibility of the DTC Participants and the Indirect Participants, as defined herein. See the heading, "Book-Entry-Only System" under this caption.

If DTC or its nominee is not the registered owner of the Series 2002 C Bonds, principal of and premium, if any, on all of the Series 2002 C Bonds will be payable at maturity upon the surrender thereof at the delivery office of the Paying Agent. Interest on the Series 2002 C Bonds, when due and payable, will be paid by check dated the due date mailed by the Paying Agent one business day before the due date (or, in the case of an owner of Series 2002 C Bonds in an aggregate principal amount of at least \$1,000,000, by wire transfer on such due date, upon written direction of such registered owner to the Paying Agent not less than five business days before the Record Date immediately prior to such Interest Payment Date, which direction shall remain in effect until revoked in writing by such owner) to the persons in whose names such Series 2002 C Bonds are registered, at their addresses as they appear on the bond registration books maintained by the Registrar on the Record Date, irrespective of any transfer or exchange of such Series 2002 C Bonds subsequent to such Record Date and prior to such Interest Payment Date, unless the Bond Bank shall default in payment of interest due on such Interest Payment Date.

Except as provided under "Book-Entry-Only System," in all cases in which the privilege of exchanging or transferring Series 2002 C Bonds is exercised, the Bond Bank will execute and the Registrar will deliver Series 2002 C Bonds in accordance with the provisions of the Indenture. The Series 2002 C Bonds will be exchanged or transferred at the principal corporate trust office of the Registrar only for Series 2002 C Bonds of the same tenor and maturity. In connection with any transfer or exchange of Series 2002 C Bonds, the Bond Bank, the Registrar and Paying Agent or the Trustee may impose a charge for any applicable tax, fee or other governmental charge incurred in connection with such transfer or exchange, which sums are payable by the person requesting such transfer or exchange.

The person in whose name a Series 2002 C Bond is registered will be deemed and regarded as its absolute owner for all purposes and payment of principal and interest thereon will be made only to or upon the order of the registered owner or its legal representative, but such registration may be changed as provided above. All such payments shall be valid to satisfy and discharge the liability upon such Series 2002 C Bond to the extent of the sum or sums so paid.

### **Optional Redemption**

The Series 2002 C Bonds maturing on or after January 10, 2013 are subject to redemption prior to maturity in whole or in part on any date commencing January 10, 2012 at par value, plus in each case accrued interest to the date fixed for redemption.

### **Selection of Bonds to be Redeemed**

If fewer than all of the Series 2002 C Bonds shall be called for redemption, the principal amount and maturity of the particular Series 2002 C Bonds to be redeemed shall be selected by the Bond Bank, provided that the Series 2002 C Bonds shall be redeemed only in whole multiples of \$5,000 principal amount. If the Series 2002 C Bonds are held in a book entry only system, the Series 2002 C Bonds within a maturity to be redeemed shall be selected by the depository company in such manner as the depository company may determine. If the Series 2002 C Bonds are not held in the book entry system, the Registrar shall select the particular Series 2002 C Bonds to be redeemed within a maturity by lot in such manner as the Registrar in its sole discretion may deem fair and appropriate.

## **Notice of Redemption**

In the case of redemption of the Series 2002 C Bonds, notice of the call for any such redemption identifying the Series 2002 C Bonds, or portions of fully registered Series 2002 C Bonds to be redeemed shall be given by the Registrar by mailing a copy of the redemption notice by first class mail at least 30 days but not more than 45 days prior to the date fixed for redemption to the registered owner of each Series 2002 C Bond to be redeemed at the address shown on the registration books. Failure to give such notice by mailing to any bondholder, or any defect in the notice, shall not affect the validity of any proceeding for the redemption of any other Series 2002 C Bonds. On and after the redemption date specified in the aforementioned notices, such Series 2002 C Bonds, or portions thereof, thus called (provided funds for their redemption are on deposit at the place of payment) shall not bear interest, shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture, and the owners thereof shall have the right only to receive the redemption price thereof plus accrued interest thereon to the date fixed for redemption from the funds deposited with the Trustee for the redemption of such Series 2002 C Bonds.

## **Book-Entry-Only System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2002 C Bonds. The Series 2002 C Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2002 C Bond will be issued for each maturity of the Series 2002 C Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the State of New York Banking Law, a “banking organization” within the meaning of the New York State Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2002 C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2002 C Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2002 C Bond (the “Beneficial Owners”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2002 C Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 2002 C Bonds, except in the event that use of the book-entry system for the Series 2002 C Bonds is discontinued.

To facilitate subsequent transfers, the Series 2002 C Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2002 C Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2002 C Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2002 C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.



### **Book-Entry-Only System (Cont'd)**

Beneficial owners of the Series 2002 C Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2002 C Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of the Series 2002 C Bonds may wish to ascertain that the nominee holding the Series 2002 C Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the Series 2002 C Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2002 C Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2002 C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2002 C Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may determine to discontinue providing its service as securities depository with respect to the Series 2002 C Bonds at any time by giving reasonable notice to the Bond Bank. Under such circumstances, in the event that a successor securities depository is not obtained, security certificates are required to be printed and delivered.

The Bond Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

### **Revision of Book-Entry-Only System**

In the event that either (1) the Bond Bank receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Series 2002 C Bonds or (2) the Bond Bank elects to discontinue its use of DTC as a clearing agency for the Series 2002 C Bonds, then the Bond Bank will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Series 2002 C Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Series 2002 C Bonds and to transfer the ownership of each of the Series 2002 C Bonds to such person or persons, including any other clearing agency, as the holder of such Series 2002 C Bonds may direct. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Series 2002 C Bonds will be paid by the Bond Bank.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2002 C BONDS**

The Bonds are payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, premium, if any, and interest on all of the Bonds. **The Series 2002 C Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including the City, the County and the Qualified Entity, under the constitution of the State or a pledge of the faith, credit or taxing power of the State or any political subdivision thereof, including the City, the County and the Qualified Entity. The Bond Bank has no taxing power.** The sources of payment of, and security for, the Bonds are more fully described below.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2002 C BONDS (Cont'd)**

Under the Indenture, the Series 2002 C Bonds are secured by a pledge to the Trustee of the Qualified Obligations and all principal and interest payments made or required to be made on the Qualified Obligations (the "Qualified Obligations Payments"), as described herein. In addition, the Indenture pledges to the payment of the Bonds all proceeds of the Trust Estate, including without limitation all cash and securities held in the Funds and Accounts created by the Indenture, except for the Rebate Fund and the accounts thereunder, together with investment earnings thereon and proceeds thereof (except to the extent transferred to the Rebate Fund from such Funds and Accounts under the Indenture), and all other funds, accounts and moneys to be pledged by the Bond Bank to the Trustee as security under the Indenture, to the extent of any such pledge. Under the Act and Indiana Code 5-1-14-4, such pledge is valid and binding from and after the date of delivery of the Series 2002 C Bonds under the Indenture and such Qualified Obligations and the Qualified Obligations Payments thereon shall be immediately subject to the lien of such pledge without any physical delivery of the payments or further act, and the lien of such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, irrespective of whether such parties have notice thereof.

### **The Qualified Entity and the Qualified Obligations**

*The Qualified Entity.* The Indianapolis Public Transportation Corporation is a municipal corporation of the State, pursuant to the provisions of Indiana Code § 36-9-4 which provides for the establishment by Indiana municipalities of urban mass transportation systems. The boundaries of the Qualified Entity are coterminous with the County, except for the Excluded Municipalities. For more detailed information regarding the Qualified Entity see "THE QUALIFIED ENTITY" herein.

*The Qualified Obligations.* A portion of the proceeds of the Series 2002 C Bonds will be used by the Bond Bank to purchase the Qualified Obligations from the Qualified Entity. The Qualified Obligations have been authorized in a principal amount not to exceed \$5,000,000 and are designated "Indianapolis Public Transportation Corporation General Obligation Bonds of 2002." The Qualified Obligations were authorized by the Qualified Entity by its Ordinance 02-2002 adopted by its Board of Directors on February 20, 2002 as amended on August 15, 2002 (the "Authorizing Instrument"). The Qualified Obligations are general obligations of the Qualified Entity, secured by the full faith and credit and taxing power of the Qualified Entity. See "Provisions for Payment of the Qualified Obligations" below.

The Qualified Obligations are being issued for the purpose of funding the New Projects. The Qualified Entity will also use a portion of the proceeds of the Qualified Obligations to refund \$4,500,000 of Outstanding Notes.

The Qualified Obligations will be issued in a principal amount equal to the aggregate principal amount of the Series 2002 C Bonds, and will be dated as of their date of delivery. The Qualified Obligations will mature in the same amount and on the same maturity dates as the Series 2002 C Bonds, and will bear interest payable on each January 10 and July 10 beginning January 10, 2004 and at the same interest rates per annum as the Series 2002 C Bonds. Interest on the Qualified Obligations will be paid to the Trustee under the Indenture. Principal of and premium, if any, on the Qualified Obligations will be paid directly to the Trustee (for the account of the Bond Bank). The Qualified Obligations are subject to redemption prior to maturity upon terms substantially identical to the terms of redemption of the Series 2002 C Bonds. See "THE SERIES 2002 C BONDS."

**The Qualified Obligations are general obligations of the Qualified Entity, payable from and secured by the unlimited *ad valorem* property tax levied and pledged therefor under the Authorizing Instrument.** See "Provisions for Payment of the Qualified Obligations" below. Payments on the Qualified Obligations are the only source of revenue pledged to repay the Series 2002 C Bonds. The Qualified Obligations do not constitute a debt, liability or loan of the credit of the State, the City or the County under the constitution and laws of the State or a pledge of the faith, credit or taxing power of the State, the City or the County, but constitute debt of the Qualified Entity backed by a pledge of the full faith and credit of the Qualified Entity.

### **Provisions for Payment of the Qualified Obligations**

*General.* The Qualified Obligations will be paid out of revenues to be derived from an unlimited levy of *ad valorem* property tax on all taxable property within the boundaries of the Qualified Entity. See "Procedures for Property Assessment, Tax Levy and Collection" below.

*Authorizing Instrument.* In the Authorizing Instrument, the Qualified Entity authorizes issuance of the Qualified Obligations and covenants to pay the Qualified Obligation Payments as a general obligation of the Qualified Entity payable from unlimited *ad valorem* property taxes on all taxable property within the boundaries of the Qualified Entity. The Qualified Entity covenants to take certain actions necessary to cause interest on the Qualified Obligations to be and remain excluded from gross income for federal income tax purposes.

## Procedures for Property Assessment, Tax Levy and Collection

The Qualified Obligations are payable from special unlimited ad valorem property taxes required by law to be levied by or on behalf of the Qualified Entity on all taxable property within the boundaries of the Qualified Entity. Real and personal property in the State is assessed each year as of March 1. On or before August 1<sup>st</sup> each year, the County Auditor must submit to each underlying unit a statement of (i) the estimated assessed value of the unit as of March 1<sup>st</sup> of that year, and (ii) an estimate of the taxes to be distributed to the unit during the last six months of the current budget year. The estimated value is based on property tax lists delivered to the Auditor by the Township Assessors in Marion County and the County Assessor in all other counties on or before July 15.

The estimated value is used when the governing body of a local taxing unit meets to establish its budget for the next fiscal year (January 1 through December 31), and to set tax rates and levies. By statute, the budget, tax rate and levy must be established no later than the last meeting of the fiscal body in September for Marion County; no later than September 30 for all second class cities; and no later than September 20<sup>th</sup> for all other units. The budget, tax levy and tax rate are subject to review and revision by the Department of Local Government Finance ("DLGF") which can lower, but not raise, the tax levy or tax rate unless the levy proposed by the Qualified Entity is not sufficient to make its Qualified Obligation Payments. The DLGF must complete its actions on or before February 15<sup>th</sup> of the year the taxes are to be collected.

On or before March 15, the County Auditor prepares and delivers the final abstract of property taxes to the State Auditor. The County Treasurer mails tax statements the following April (but mailing may be delayed due to reassessment or other factors). Property taxes are due and payable to the County Treasurer in two installments on May 10 and November 10. If an installment of taxes is not completely paid on or before the due date, a penalty of 10% of the amount delinquent is added to the amount due. On May 10 and November 10 of each year thereafter, an additional penalty equal to 10% of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after 15 months of delinquency. The County Auditor distributes property taxes collected to the various taxing units on or about the June 18<sup>th</sup> or December 18<sup>th</sup> after the due date of the tax payment.

Pursuant to State law, real property is valued for assessment purposes at its "true tax value" as defined in the 2002 Real Property Assessment Manual adopted by the DLGF ("Manual"), and as interpreted in the rules and regulations of the DLGF, including the 2002 Real Property Assessment Guidelines, Version A ("Guidelines") and the Real Property Assessment Rule, 50 IAC 2.3. The Manual defines "true tax value" as "the market value in use of property for its current use, as reflected by the utility received by the owner or a similar user from that property less that portion of use value representing subsistence housing for its owner". The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal methodology, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they are capable of producing accurate and uniform values throughout the jurisdiction and across all classes of property. The Manual specifies the standards for accuracy and validation that the DLGF will use to determine the acceptability of any alternate appraisal method.

"Net Assessed Value" or "Taxable Value" represents the "Gross Assessed Value" less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization, resource recovery systems, rehabilitated residential property, solar energy systems, wind power devices, coal conservation systems, hydroelectric systems, geothermal devices, and tax-exempt property. The "Net Assessed Value" or "Taxable Value" is the value used for taxing purposes in the determination of tax rates.

If a change in assessed value occurs, a written notification is sent by either the township assessor or the County Board of Review to the affected property owner. Upon notification, if the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the County Assessor within 45 days after the written notification was mailed. While the appeal is pending, any taxes on real property that becomes due on the property in question must be paid in an amount based on the immediately preceding year's assessment or it may be paid based on the amount that is billed.

IC 6-1.1-21-5 provides each taxpayer with a property tax credit in an amount equal to the sum of the following: (a) sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year on all real and personal property; (b) approximately twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property; (c) and approximately twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

## **Procedures for Property Assessment, Tax Levy and Collection (Cont'd)**

On December 4, 1998, the Indiana Supreme Court affirmed in part and reversed in part the ruling by the Indiana Tax Court, that the true tax value method of valuing property for purposes of levying property taxes is unconstitutional. *Town of St. John v. State Board of Tax Commissioners*, 702 N.E.2d 1034 (Ind. 1998). The Indiana Supreme Court ruled that the true tax value method is constitutional but the cost schedules used by the State Board of Tax Commissioners were unconstitutional. This ruling affects only the valuation method and not the ability of the Qualified Entity to levy an unlimited property tax to pay debt service on the Series 2002 C Bonds. On May 31, 2000, the Indiana Tax Court ordered the State Board of Tax Commissioners to adopt the new assessment regulations by June 1, 2001 and to complete reassessment under those regulations by March 1, 2002. The State Board of Tax Commissioners was eliminated on January 1, 2002 and its responsibilities were transferred to the Department of Local Government Finance and the Indiana Board of Tax Review. The Department of Local Government Finance published the new assessment rules, which were effective June 22, 2001 and reassessment is now under way.

The Qualified Entity cannot predict the impact on property tax collections, or the timing of, future judicial actions in this case, or legislation, regulations or rulings enacted to implement this ruling or property tax reform in general. Interest on the Qualified Obligations is capitalized through January 10, 2004.

## **Additional Bonds**

Additional bonds of the Bond Bank may be issued on a parity with the Series 2002 C Bonds pursuant to the Indenture only for the purpose of (a) refunding (in whole or in part) Bonds issued by the Bond Bank pursuant to the Indenture or (b) purchasing additional qualified obligations of the Qualified Entity which are general obligation bonds ("Additional Qualified Obligations") to provide for additional projects of the Qualified Entity or for the refunding (in whole or in part) of the Qualified Obligations or other Additional Qualified Obligations, or both.

## **Enforcement of the Qualified Obligations**

As owner of the Qualified Obligations, the Bond Bank has available to it all remedies available to owners or holders of securities issued by qualified entities. The Act provides that upon the sale and the delivery of any qualified obligation to the Bond Bank, a qualified entity will be deemed to have agreed that all statutory defenses to nonpayment are waived if such qualified entity fails to pay principal of or interest on such qualified obligation when due.

The Bond Bank will be constituted a holder or owner of securities that are in default. The Bond Bank is obligated under the Indenture to avail itself of all remedies and provisions of law applicable in the circumstances and the failure to exercise any right or remedy within a time or period provided by law may not, according to the Act, be raised as a defense by the defaulting qualified entity.

The Bond Bank has also determined to consult with the Qualified Entity, as necessary from time to time, with regard to the action needed to be taken by the Qualified Entity to preserve the exclusion of the interest on the Series 2002 C Bonds from the gross income of the holders of the Series 2002 C Bonds. See the caption "TAX MATTERS."

The Bond Bank will monitor the compliance and consult regularly with the Qualified Entity with respect to its requirements under the Qualified Obligations, including the making of Qualified Obligation Payments to the Bond Bank.

## FINANCING PLAN

### The Series 2002 C Bonds and the Qualified Obligations

The proceeds from the sale of the Series 2002 C Bonds will be used to provide funds for the purposes of: (i) purchasing the Qualified Obligations; (ii) paying costs of issuance of the Series 2002 C Bonds; and (iii) paying for certain program expenses of the Bond Bank. The Qualified Entity will use the proceeds of the Qualified Obligations to pay a portion of the costs of the New Projects, to pay capitalized interest on the Qualified Obligations through January 10, 2004, to pay issuance expenses and to redeem the Outstanding Notes.

### Application of Series 2002 C Bond Proceeds

The proceeds of the sale of the Series 2002 C Bonds are expected to be applied as follows:

Original Principal Amount Of Series 2002 C Bonds	\$5,000,000.00
Less: Underwriter's Discount and Other Costs of Issuance	(145,000.00)
Bond Insurance Premium	(24,945.35)
Plus: Net Bond Premium	<u>49,639.40</u>
Purchase Price of Qualified Obligations	<u>\$4,879,694.05</u>

### Sources and Uses of Qualified Obligations Proceeds

Sources for the New Projects are expected to be as follows:

Proceeds of Qualified Obligations	<u>\$4,879,694.05</u>
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Uses of such funds are expected to be as follows:

Redemption of 2001 Note	\$4,500,000.00
Deposit to 2002 Capitalized Interest Account	224,795.07
Interest due on Outstanding Note through December 18, 2002	19,947.57
Deposit to Bond Proceeds Fund	<u>134,951.41</u>
Total	<u>\$4,879,694.05</u>

## THE BOND BANK

### Powers and Purposes

The Bond Bank is a body corporate and politic separate from the City. The address of the Bond Bank is Suite 2421, City-County Building, 200 East Washington Street, Indianapolis, Indiana 46204. The Bond Bank was created by the Act for the purpose of buying and selling securities of certain qualified entities, including the City, the County, all special taxing districts of the City, all entities whose tax levies are subject to review and modification by the City-County Council of Indianapolis and of Marion County ("City-County Council") and certain authorities or entities that lease land or facilities to other qualified entities. The Bond Bank was created pursuant to the Act to help the qualified entities lower their respective borrowing costs by having the Bond Bank purchase their debt obligations at interest rates favorable to the qualified entities. To accomplish its purpose, the Bond Bank may issue bonds or notes. The Bond Bank also has general powers which include the power to enter into, make and perform contracts of every lawful kind to accomplish its purpose.

## **Board of Directors of the Bond Bank**

The Bond Bank is governed by a five (5) member board of directors appointed by the Mayor of the City. The directors appoint an executive director who serves as secretary-treasurer of the board. The directors each serve for terms of three (3) years and may be reappointed. No director may be an officer of the City, the County or any other qualified entity. The current members of the board of directors, their positions and their principal occupations are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Occupation</u>
John J. Dillon III	Chairman	December 31, 2002	Chief Operating Officer, Standard Management
Mary Titsworth Chandler	Vice Chairman	April 30, 2003	Attorney, Wooden & McLaughlin
Jacob E. Hall	Member	April 30, 2003	Engineer, Retired, United Consulting Engineers
Arnold Pinkston	Member	April 30, 2003	Deputy General Counsel, Eli Lilly & Company
Thomas J. O'Donnell	Member	April 30, 2003	Business Manager of International Brotherhood of Electrical Workers

Robert J. Clifford was appointed the Executive Director of the Bond Bank on March 20, 2000. Mr. Clifford served as Vice President of Finance, Accounting and Marketing of the Indiana Municipal Power Agency (IMPA) from 1992 through March 2000. He holds a B.S. and M.B.A. from Indiana University and is a Certified Public Accountant.

Jennifer Weflen serves as Deputy Executive Director. Prior to this appointment, Ms. Weflen served in the office of Corporation Counsel for the City. She holds a B.A. from DePauw University and J.D. from Indiana University.

## **Other Programs; Outstanding Indebtedness**

Under the Act, the Bond Bank is authorized to issue other series of notes or bonds to finance different programs to accomplish its purposes. Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and had outstanding as of November 22, 2002 an aggregate long-term principal amount of approximately \$1,724,006,152 in separate program obligations. Certain of the foregoing obligations of the Bond Bank may mature or otherwise be defeased as of or prior to the issuance of the Series 2002 C Bonds. All such obligations are and will be secured separately and independently and do not and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

Further, as of the date of this Official Statement, the Bond Bank is considering undertaking other types of financings for qualified entities for purposes authorized by and in accordance with the procedures set forth in the Act. The obligations issued by the Bond Bank in connection with any and all such financings, if any, will be secured separately from the Series 2002 C Bonds and will not constitute Bonds under the Indenture or for purposes of this Official Statement.

## **THE QUALIFIED ENTITY**

### **General Description**

The Qualified Entity is a separate municipal corporation pursuant to the provisions of Indiana Code 36-9-4, which provides for the establishment by Indiana municipalities of "Urban Mass Transportation Systems". The boundaries of the Qualified Entity include all property and territory in the County, including the City, however, excluding the Cities of Lawrence and Southport and the Town of Speedway.

The Qualified Entity is under the control of its Board of Directors. The Board, which is bipartisan, is appointed by the Mayor of the City and the City-County Council of the City and County. The Mayor appoints three members (who serve for staggered four year terms), and the Council appoints four members (who serve for staggered four year terms).

The Board of Directors develops policies regarding the operation, contracts, safety, financing, organization, and structure of the Qualified Entity. To effect these policies, members of the Board meet regularly in public session. These meetings include presentations by the management staff regarding the operational and financial status of the Qualified Entity. Current members of the Board are as follows:

**General Description (cont'd)**

<u>Name</u>	<u>Occupation</u>	<u>Appointed by and Date</u>
Skip Rink, Chair	Marketing Manager O'Leary Paint Co.	Appointed by Council on September 11, 2000
Gregory S. Fehribach, Vice Chair	Attorney Stark Doninger & Smith	Appointed by Mayor on January 1, 2001
David A. Scott, Secretary	Information and Referral Specialist Indianapolis Resource Center of Independent Living, Inc.	Appointed by Council on June 22, 1999
Cynthia L. Urban, Treasurer	Employed at INC. Spot	Appointed by Council on June 19, 2000
Greg Henneke	Vice President American Consulting Engineering	Appointed by Mayor on March 17, 1997
Tommie Jones	Educator Decatur Township Schools	Appointed by Council on June 19, 2000
Curt Wiley	Director, Fannie Mae's Indiana Partnership Office	Appointed by Mayor on January 1, 2002

**Internal Control Audits of the Qualified Entity**

In June 2001, investigators from the United States Department of Transportation, Office of Inspector General ("OIG") commenced an audit of the Qualified Entity, reviewing financial, procurement and human resource processes and procedures. As a result of the OIG's action, the Qualified Entity's Board of Directors requested the City's internal audit agency to also conduct an internal audit of the Qualified Entity. Also, as a result of the OIG's audit, the Qualified Entity's direct federal funding agency, the United States Department of Transportation-Federal Transit Administration ("FTA"), authorized a series of reviews relating to financial management, procurement and disadvantaged business enterprise activities. As of the date of this Official Statement, the results of the City's internal audit and FTA's financial management oversight review, procurement systems review, disadvantaged business enterprise review and tri-annual review have been published in public documents. The results of the OIG's investigation have not been released.

As a result of these internal audits and reviews, the Qualified Entity has developed a work plan to correct identified deficiencies. The FTA has indicated that, pursuant to the successful execution of that plan, federal funding will be maintained as authorized in the federal budget on an annual basis. Similarly, the City's internal audit group has also reviewed the Qualified Entity's corrective action plan and will be monitoring its progress. The Qualified Entity's Board of Directors anticipates that the results of the OIG's investigation may require the repayment of some federal funds. However, funding for the Qualified Entity continues at both federal and local levels within authorized levels. The results of the OIG's investigation will not effect the Qualified Entity's obligation to repay the Qualified Obligations from revenues collected from the levy of ad valorem property taxes on property within the boundaries of the Qualified Entity, as authorized and pledged under the Authorizing Instrument. For further information, contact Mr. Fred Armstrong, Controller, Indianapolis Public Transportation Corporation, 1501 West Washington Street, Indianapolis, Indiana 46222, (317) 614-9240.

Based upon initial findings, in September 2001, the Board of Directors of the Qualified Entity terminated the contract of Barry Bland, the Qualified Entity's chief executive officer. Roland Mross was selected as the Qualified Entity's interim chief executive officer. On July 16, 2002, the Board of Directors of the Qualified Entity hired Gilbert Holmes as the new Chief Executive Officer of the Qualified Entity. Mr. Holmes has served as the Department Head of Transportation Services in the Human Resources Division of Methodist Hospital of Indiana, Inc. (Clarian Health Care Systems), as a Commissioner with the Indiana Bureau of Motor Vehicles and Chairman on the Bureau of Motor Vehicles Commission. Mr. Holmes has also served as 2<sup>nd</sup> Vice President and Director of Facilities and Services with Lincoln National Life Insurance Company, LNC and most recently as 2<sup>nd</sup> Vice President and Director of Corporate Procurement for Lincoln National Corporation. He is a graduate of Southern Illinois University and received his Masters in Systems Management from the University of Southern California and his J.D. from Indiana University.

### Currently Outstanding Qualified Obligations

On April 1, 1999, the Qualified Entity issued its General Obligation Bonds, Series 1998 (the "1998 Bonds"), originally issued in the aggregate principal amount of \$14,530,000, of which \$13,240,000 remains outstanding as of the date of this Official Statement. The 1998 Bonds were issued pursuant to General Ordinance No. 98-6 (the "1998 Ordinance") adopted on October 22, 1998, by the Board of Directors of the Qualified Entity. The proceeds of the 1998 Bonds were used to purchase vehicles and equipment, construct facilities and for certain capital improvements to the Qualified Entity's urban mass transportation system, together with incidental expenses including issuance expenses of the 1998 Bonds. The 1998 Bonds also constitute general obligations of the Qualified Entity and are payable from a special ad valorem property tax required levied upon all property within the corporate boundaries of the Qualified Entity. This levy is separate from the levy approved for the Qualified Obligations. The following table summarizes the debt service requirements of the 1998 Bonds:

	<u>1998 Bond</u>
Amount Outstanding upon Delivery of the Qualified Obligations	\$13,240,000
Interest Rates	3.85% - 5.00%
Maturities	2003-2016

Under the Indiana Constitution and Statutes, the Qualified Entity may issue bonds in an aggregate amount not exceeding two percent (2%) of the adjusted value of the taxable property within the Qualified Entity's boundaries. The 1998 Bonds, together with the Qualified Obligations, are within the foregoing limitation in conformity with Indiana law.

The Qualified Entity may issue additional bonds and other obligations to finance or refinance projects in furtherance of its purposes. However, the type, amount and timing of the issuance of any such additional bonds or other debt obligations are subject to a number of conditions that cannot be predicted at this time.

### Sources of Revenues

The boundaries and taxing district of the Qualified Entity includes all of Marion County except for the Cities of Lawrence and Southport and the Town of Speedway.

The following tables summarize amounts and sources of revenue in 2000 and 2001 and general revenues by source.

#### Sources of Revenue FY 2001 vs. FY 2000 Unaudited

<u>Revenue</u>	<u>2000 Amount of Revenue</u>	<u>2001 Amount of Revenue</u>	<u>Amount Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Passenger Fares	\$6,789,774	\$6,740,900	\$(48,874)	(.7)%
Charter & Special Services	394,715	380,883	(13,832)	(3.5)%
Property and Excise Tax	10,382,575	10,073,469	(309,106)	(3.0)%
Federal Assistance	9,120,962	8,017,032	(1,103,930)	(12.1)%
Municipalities	9,492,246	10,325,632	833,386	8.8%
Other	<u>210,556</u>	<u>205,484</u>	<u>(5,072)</u>	(2.4)%
TOTALS	<u>\$36,390,828</u>	<u>\$35,743,400</u>	<u>\$(647,428)</u>	<u>(1.8)%</u>



## Sources of Revenues (cont'd)

The following table summarizes amounts and categories of expenses in 2000 and 2001 and operating expenses, capital acquisitions and debt service:

### Comparison of Expenses FY 2000 vs. FY 2001 Unaudited

Function	2000 Expenses	2001 Expenses	Amount Increase (Decrease)	Percent Increase (Decrease)
Transportation	\$20,392,617	\$20,575,280	\$ 182,663	0.9%
Maintenance of Equipment	7,370,645	7,967,405	596,760	8.1%
Administration and General	7,033,657	6,444,711	(588,946)	(8.4)%
Claims and Insurance	1,449,791	2,518,088	1,068,297	73.7%
Depreciation	4,938,296	5,543,301	605,005	12.2%
Other	<u>547,689</u>	<u>302,644</u>	<u>(245,045)</u>	(44.7)%
TOTALS	<u>\$41,732,695</u>	<u>\$43,351,429</u>	<u>\$ 1,618,734</u>	<u>3.9%</u>

Source: Per the Controller's office of the Indianapolis Public Transportation Corporation.

## THE CITY OF INDIANAPOLIS AND MARION COUNTY

The Qualified Entity's corporate boundaries include all property and territory in the County, except for the cities of Lawrence and Southport and the Town of Speedway. The City is a municipal corporation located in the County. It is the largest city in the State and the twelfth largest city in the United States. In 1970, the governments of the City and the County were consolidated to form the State's only consolidated city, which provides services generally throughout the County in which the City is located. By the consolidating act, the boundaries of the City were extended to the County line with the exception of the municipalities of Beech Grove, Lawrence, Speedway and Southport.

The executive of the City is the Mayor who is elected by all the voters of the County. The Mayor, who may serve an unlimited number of four-year terms, has extensive appointive powers and also serves as chief executive officer of the County. The executive authority is administered through six departments: Administration, Metropolitan Development, Parks and Recreation, Capital Asset Management, Public Safety and Public Works.

The legislative body of the City and the County is the City-County Council. The City-County Council approves the annual budget and tax levies for the City, the Qualified Entity and the other special taxing districts of the City and the County. It is also empowered to review and modify the budgets and tax levies of certain other entities in the County including the Qualified Entity.

The Indianapolis Metropolitan Statistical Area ("MSA"), which currently includes the counties of Marion, Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Morgan and Shelby, is located at the geographic center of the State. There are more interstate freeways (I-65, I-69, I-70 and I-74) passing through the City than through any other city in the nation. In addition, six other major U.S. highways, all interconnected by an outer beltway (I-465), provide the Indianapolis MSA with routes for transportation and distribution in all directions. In 2000, the United States Census Bureau estimated the population of the Indianapolis MSA at 1,536,665. This represents growth of 16.4% since 1990. The Indianapolis MSA is the 29th largest metropolitan area in the United States, while the City of Indianapolis is the twelfth largest city with a population of 791,926. The economy of the Indianapolis MSA continues to be strong: per capita income was \$30,523 in 2001, nearly 7.0% higher than the State average, while the rate of unemployment remained under 4% from 1995 through 2001. The economy of the Indianapolis MSA is increasingly diversified, with the industry distribution of employment similar to that of the nation as a whole.

## LITIGATION

There is not now pending or, to the Bond Bank's or Qualified Entity's respective knowledge, threatened any litigation restraining or enjoining the issuance, sale, execution or delivery of the Series 2002 C Bonds or the Qualified Obligations, or the execution and delivery of, and performance by the respective parties to, the Indenture, the Authorizing Instrument or the Purchase Agreement; prohibiting the Bond Bank from purchasing the Qualified Obligations with the proceeds of the Series 2002 C Bonds; in any way contesting or affecting the validity of the Series 2002 C Bonds or the Qualified Obligations or any proceedings of the Bond Bank taken with respect to the issuance or sale thereof, or the Pledges (as hereinafter defined under the caption "ENFORCEABILITY OF REMEDIES") or application of any moneys or security provided for payment of the Series 2002 C Bonds or the Qualified Obligations. Neither the creation, organization or existence of the Bond Bank or the Qualified Entity nor the title of any of the present directors or other officers of the Bond Bank or Qualified Entity to their respective offices is being contested.

## **TAX MATTERS**

In the opinion of Ice Miller, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2002 C Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2002 C Bonds (the "Code"). This opinion relates only to the exclusion from gross income of interest on the Series 2002 C Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Bond Bank and Qualified Entity with the Tax Covenants (hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Series 2002 C Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. In the opinion of Ice Miller, Indianapolis, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2002 C Bonds is exempt from income taxation in the State of Indiana ("State"). See Appendix B for the form of Bond Counsel opinion.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2002 C Bonds as a condition to the exclusion from gross income of interest on the Series 2002 C Bonds for federal income tax purposes. The Bond Bank and Qualified Entity will covenant not to take any action, within its power and control, nor fail to take any action with respect to the Series 2002 C Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2002 C Bonds pursuant to Section 103 of the Code (collectively, "Tax Covenants"). The Indenture, the Authorizing Instrument and certain certificates and agreements to be delivered on the date of delivery of the Series 2002 C Bonds establish procedures to permit compliance with the requirements of the Code. It is not an event of default under the Indenture if interest on the Series 2002 C Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the date of issuance of the Series 2002 C Bonds.

The interest on the Series 2002 C Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Series 2002 C Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, includes all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion that interest on the Series 2002 C Bonds is excluded from federal gross income and exempt from State income tax, the accrual or receipt of interest on the Series 2002 C Bonds may otherwise affect a bondholder's federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2002 C Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2002 C Bonds should consult their own tax advisors with regard to the federal and state tax consequences of owning the Series 2002 C Bonds other than those consequences set forth in the form of opinion of Bond Counsel.

## **ORIGINAL ISSUE DISCOUNT**

The initial public offering price of the Series 2002 C Bonds maturing on January 10, 2008 through and including January 10, 2013 (the "Discount Bonds"), is less than the principal amount payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, as set forth inside the cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the "Issue Price" for such maturity), and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount."

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on January 10 and July 10 (with straight line interpolation between compounding dates).

A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds the Discount Bond to maturity may treat the full amount of original issue discount as interest which is excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owners tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at

## **ORIGINAL ISSUE DISCOUNT (cont'd)**

maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

As described earlier in "Tax Matters", the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity, should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes that accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

## **AMORTIZABLE BOND PREMIUM**

The initial offering price of the Series 2002 C Bonds maturing on January 10, 2005, January 10, 2007, January 10, 2014 and January 10, 2017 (collectively, the "Premium Bonds"), is greater than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds including sale, redemption or payment at maturity. The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth at Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but the amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Bond Premium.

## **ENFORCEABILITY OF REMEDIES**

The various legal opinions to be delivered concurrently with the delivery of the Series 2002 C Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the Trustee or the bondholders of the Series 2002 C Bonds upon a default under the Indenture; to the Trustee or the Bond Bank under the Qualified Obligations, the purchase agreement for the Qualified Obligations and the Authorizing Instrument; or to any party seeking to enforce the pledges securing the Series 2002 C Bonds or the Qualified Obligations described herein (collectively the "Pledges"), are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture, the purchase agreement for the Qualified Obligations, the Qualified Obligations and the Authorizing Instrument, or to any party seeking to enforce the Pledges, may not be readily available or may be limited. Under Federal and State environmental laws certain liens may be imposed on property of the Bond Bank or the Qualified Entity from time to time, but the Bond Bank has no reason to believe, under existing law, that any such lien would have priority over the lien on the Qualified Obligations Payments pledged to owners of the Series

## ENFORCEABILITY OF REMEDIES (cont'd)

2002 C Bonds under the Indenture or over the liens on the property taxes pledged to the owner of the Qualified Obligations under the Authorizing Instrument.

The various legal opinions to be delivered concurrently with the delivery of the Series 2002 C Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the Qualified Entity, the City, the County, the State and the United States of America and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). These exceptions would encompass any exercise of the Federal, State or local police powers (including the police powers of the Qualified Entity, the City and the County) in a manner consistent with the public health and welfare. Enforceability of the Indenture, the purchase agreement for the Qualified Obligations, the Authorizing Instrument and the Pledges in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

## APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Series 2002 C Bonds are subject to the approval of Ice Miller, Indianapolis, Indiana, Bond Counsel, whose approving legal opinion will be delivered with the Series 2002 C Bonds, substantially in the form found as Appendix B. Certain legal matters will be passed on by the Corporation Counsel of the City of Indianapolis, Indiana, as General Counsel to the Bond Bank and the City, by Brooks, Koch & Sorg, Indianapolis, Indiana, counsel for the Qualified Entity, and by Bingham McHale LLP, Indianapolis, Indiana, counsel for the Underwriter. Ice Miller also serves as bond counsel to the Qualified Entity.

## FINANCIAL GUARANTY INSURANCE

### Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Series 2002 C Bonds effective as of the date of issuance of the Series 2002 C Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 2002 C Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Bond Bank (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Registrar and Paying Agent. The insurance will extend for the term of the Series 2002 C Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2002 C Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2002 C Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Series 2002 C Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2002 C Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Registrar and Paying Agent has notice that any payment of principal of or interest on a Series 2002 C Bond which has become Due for Payment and which is made to a Holder by or on behalf of the Bond Bank has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

## **FINANCIAL GUARANTY INSURANCE (cont'd)**

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Series 2002 C Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2002 C Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Series 2002 C Bonds, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2002 C Bonds and will be fully subrogated to the surrendering Holder's rights to payment.

### **Ambac Assurance Corporation**

Ambac Assurance Corporation ("Ambac Assurance") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately **\$5,802,000,000** (unaudited) and statutory capital of approximately **\$3,564,000,000** (unaudited) as of **September 30, 2002**. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Issuer of the Series 2002 C Bonds.

Ambac Assurance makes no representation regarding the Series 2002 C Bonds or the advisability of investing in the Series 2002 C Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading "FINANCIAL GUARANTY INSURANCE".

### **Available Information**

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19<sup>th</sup> Floor, New York, New York 10004 and (212) 668-0340.

### **Incorporation of Certain Documents by Reference**

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

- 1) The Company's Current Report on Form 8-K dated January 23, 2002 and filed on January 25, 2002;
- 2) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and filed on March 26, 2002;
- 3) The Company's Current Report on Form 8-K dated April 17, 2002 and filed on April 18, 2002;
- 4) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2002 and filed on May 13, 2002;
- 5) The Company's Current Report on Form 8-K dated July 17, 2002 and filed on July 19, 2002;

## **FINANCIAL GUARANTY INSURANCE (cont'd)**

- 6) The Company's Current Report on Form 8-K dated August 14, 2002 and filed on August 14, 2002;
- 7) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2002 and filed on August 14, 2002; and
- 8) The Company's Current Report on Form 8-K dated October 16, 2002 and filed on October 17, 2002 and
- 9) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended September 30, 2002 and filed on November 14, 2002.
- 10) The Company's Current Report on Form 8-K dated November 18, 2002 and filed on November 20, 2002.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "**Available Information**".

## **BOND RATING**

Standard & Poor's Rating Services, a division of McGraw-Hill Companies (Standard & Poor's), has assigned a bond rating of "AAA" to the Series 2002 C Bonds with the understanding that, upon delivery of the Series 2002 C Bonds, a policy insuring the payments when due of the principal of and interest on the Series 2002 C Bonds will be issued by Ambac Assurance Corporation. Such rating reflects only the view of Standard & Poor's and any explanation of the significance of such rating may only be obtained from Standard & Poor's.

The rating is not a recommendation to buy, sell or hold the Series 2002 C Bonds, and such rating may be subject to revision or withdrawal at any time by Standard & Poor's. Any downward revision or withdrawal of the rating may have an adverse effect upon the market price of the Series 2002 C Bonds.

## **UNDERWRITING**

The Series 2002 C Bonds are being purchased by the Underwriter, McDonald Investments, Inc., as set forth on the inside cover page of this Official Statement. The Underwriter has agreed to purchase the Series 2002 C Bonds at an aggregate purchase price of \$5,014,639.40 which represents the par amounts set forth on the inside cover page hereof, plus net premium of \$49,639.40, less an underwriting fee of \$35,000.00, pursuant to a contract of purchase entered into by and between the Bond Bank and the Underwriter. Such contract of purchase provides that the Underwriter will purchase all of the Series 2002 C Bonds if they are purchased. The initial offering price may be changed from time to time by the Underwriter.

The Underwriter has agreed to make a bona fide public offering of all of the Series 2002 C Bonds at prices not in excess of the initial public offering prices set forth or reflected on the inside cover page of this Official Statement. The Underwriter may sell the Series 2002 C Bonds to certain dealers (including dealers depositing Series 2002 C Bonds into investments trusts) and others at prices lower than the offering prices set forth on the inside cover page hereof.

## **SERIES 2002 C BONDS AS LEGAL INVESTMENTS**

Pursuant to the Act, all Indiana financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees, and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds or notes issued by the Bond Bank.

## **AGREEMENT WITH STATE**

The Act provides that the State will not limit or restrict the rights vested in the Bond Bank to fulfill the terms of any agreement made with the owners of the Series 2002 C Bonds or in any way impair the rights or remedies of the owners of the Series 2002 C Bonds for so long as the Series 2002 C Bonds are outstanding.

## AVAILABILITY OF DOCUMENTS AND FINANCIAL INFORMATION

The Qualified Entity has available a Comprehensive Annual Financial Report of the Indianapolis Public Transportation Corporation (the "Qualified Entity Financial Report") for the year ended December 31, 2000. Audited financial statements of the Bond Bank are prepared annually and are presently available for the year ended December 31, 2001 and prior years. See Appendix D for the Qualified Entity's unaudited financial statement for the year ended December 31, 2001. No financial reports related to the Qualified Entity are prepared on an interim basis and there can be no assurance that there have not been material changes in the financial position of the Qualified Entity since the date of the most recent available Qualified Entity Financial Report. The audited financial statements for the year ended December 31, 2001 are expected to be available by approximately December, 2002. Upon request and receipt of payment for reasonable copying, mailing and handling charges, the Bond Bank will make available copies of the most recent Qualified Entity Financial Reports, any authorizing or governing instruments defining the rights of owners of the Series 2002 C Bonds or the owners of the Qualified Obligations and available financial and statistical information regarding the Bond Bank and the Qualified Entity. Requests for documents and payments therefor should be directed and payable to Mr. Robert J. Clifford, Executive Director, The Indianapolis Local Public Improvement Bond Bank, Suite 2421, 200 East Washington Street, Indianapolis, Indiana 46204.

## CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission in SEC Rule 15c2-12, as amended (the "SEC Rule"), the Qualified Entity will enter into a Continuing Disclosure Undertaking Agreement (the "Undertaking") with the Trustee ("Counterparty"), to be dated the date of delivery of the Series 2002 C Bonds. The Qualified Entity is the only obligor under the SEC Rule. Pursuant to the terms of the Undertaking, the Qualified Entity will agree to provide the following information while any of the Series 2002 C Bonds are outstanding:

! Audited Financial Statements. To the Bond Bank, each nationally recognized municipal securities information repository ("NRMSIR") then in existence and to the Indiana state information depository then in existence, if any ("SID"), when and if available, the audited comprehensive annual financial report of the Qualified Entity for each twelve (12) month period ending December 31st, beginning with the twelve (12) month period ending December 31, 2001, together with the opinion of such accountants and all notes thereto, within sixty (60) days of receipt from the certified public accountants; and

! Financial Information in this Official Statement. To the Bond Bank, each NRMSIR then in existence and to the SID, within 210 days of each December 31st, beginning with the calendar year ending December 31, 2002, unaudited annual financial information for the Qualified Entity for such calendar year including (i) unaudited financial information of the Qualified Entity if audited financial statements are not available; (ii) operating data of the type including information contained in Appendix E of the Final Official Statement (collectively, the "Annual Information").

! Event Notices. In a timely manner, to the Bond Bank, to each NRMSIR or to the Municipal Securities Rulemaking Board (MSRB), and to the SID notice of certain events listed in the Rule, if material with respect to the Series 2002 C Bonds (which determination of materiality shall be made by the Qualified Entity in accordance with the standards established by federal securities laws).

! Failure to Disclose. In a timely manner, to the Bond Bank, each NRMSIR or to the MSRB, and to the SID notice of the Qualified Entity failing to provide the audited financial statements or Annual Information as described earlier.

The Qualified Entity and the Counterparty may, from time to time, amend or modify the Undertaking without the consent of or notice to the owners of the Series 2002 C Bonds if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Qualified Entity, or type of business conducted; (ii) the Undertaking, as so amended or modified, would have complied with the requirements of the SEC Rule on the date of execution of the Undertaking, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances; and (iii) such amendment or modification does not materially impair the interests of the holders of the Series 2002 C Bonds, as determined either by (A) the Counterparty, the Trustee under the Indenture or nationally recognized bond counsel or (B) an approving vote of the holders of the Series 2002 C Bonds pursuant to the terms of the Indenture at the time of such amendment or modification; or (C) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the SEC Rule, as then in effect.

The Qualified Entity and Counterparty may, at its sole discretion, use an agent in connection with the dissemination of any annual financial information required to be provided by the Qualified Entity pursuant to the terms of the Undertaking.

## **CONTINUING DISCLOSURE (cont'd)**

The purpose of the Undertaking is to enable the Underwriters to purchase the Series 2002 C Bonds by providing for an undertaking by the Qualified Entity in satisfaction of the SEC Rule. The Undertaking is solely for the benefit of the owners of the Series 2002 C Bonds and creates no new contractual or other rights for, nor can it be relied upon by, the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other obligated persons or any other third party. The sole remedy against the Qualified Entity for any failure to carry out any provision of the Undertaking shall be for specific performance of the Qualified Entity's disclosure obligations under the Undertaking and not for money damages of any kind or in any amount or any other remedy. The Qualified Entity's failure to honor its covenants under the Undertaking shall not constitute a breach or default of the Series 2002 C Bonds, the Indenture, the Qualified Obligations, the Authorizing Instrument or any other agreement to which the Qualified Entity or Bond Bank is a party.

The Qualified Entity has been in compliance with previously executed continuing disclosure contracts.

## **MISCELLANEOUS**

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Series 2002 C Bonds, the security for the payment of the Series 2002 C Bonds and the rights of the owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the offices of the Underwriters; following delivery of the Series 2002 C Bonds, copies of such documents may be examined at the offices of the Bond Bank.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinions or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is submitted in connection with the issuance and sale of the Series 2002 C Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement between the Bond Bank, the City, the County, the Qualified Entity, the Trustee, the Registrar and Paying Agent or the Underwriters and the purchasers or owners of any Series 2002 C Bonds. The delivery of this Official Statement has been duly authorized by the Board of Directors of the Bond Bank.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT  
BOND BANK

By: /s/ John J. Dillon III  
John J. Dillon III, Chairman



## APPENDIX A



## H.J.Umbaugh & Associates

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Herschell J. Umbaugh, CPA  
(1915-1989)  
Myron H. Frasier, CPA  
(Retired)  
Charles A. Dalton, CPA  
(Retired)

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December 5, 2002

Indianapolis Public Transportation  
Corporation  
1501 West Washington Street  
Indianapolis, IN 46222

The Indianapolis Local Public Improvement  
Bond Bank  
2421 City-County Building  
200 East Washington Street  
Indianapolis, IN 46204

In connection with the issuance by The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002 C (the "Bond Bank Bonds") being issued to purchase the Indianapolis Public Transportation Corporation General Obligation Bonds of 2002 (the "Qualified Obligations"), issued on behalf of the Indianapolis Public Transportation Corporation (the "Qualified Entity"), we have, at your request, compiled this special purpose report including the following schedules and appendices:

Page(s)

A-2	General Comments
A-3	Project Costs and Funding
A-4	Amortization of \$5,000,000 Principal Amount of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002 C
A-5	Comparison of Estimated Debt Service and Estimated Assessed Value
A-6	Schedule of Amortization of \$13,240,000 Principal Amount of Outstanding Indianapolis Local Public Improvement Bond Bank Bonds, Series 1999 C and 1998 Qualified Obligations

The schedules and underlying assumptions are based upon information provided to us by the City of Indianapolis officials and their advisors, the Marion County Auditor's office, and the Indianapolis Public Transportation Corporation. In the preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion nor provide any other form of assurance thereon nor do we have a responsibility to prepare subsequent reports.

*H. J. Umbaugh & Associates*

## INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION

### GENERAL COMMENTS

The Qualified Entity is issuing \$5,000,000 of 2002 Qualified Obligations to redeem \$4,500,000 of outstanding notes (the "2001 Note") and accrued interest thereon, to pay interest on the Qualified Obligations through January 10, 2004, and to pay issuance costs. The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") will issue \$5,000,000 of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002 C (the "Bond Bank Bonds") and use proceeds of the Bond Bank Bonds to purchase the Qualified Obligations. This Special Purpose Report provides information relating to the Qualified Obligations and the corresponding Bond Bank Bonds.

#### Project Costs and Funding - Page A-3

The sources and uses of the Qualified Obligations and the Series 2002 C Bonds are summarized on this schedule. Costs include \$4,500,000 for the redemption of the 2001 Note, together with \$19,947.57 to be used to pay interest due on the 2001 Note to December 18, 2002. A deposit of \$134,951.41 will be made to the Qualified Entity's Bond Proceeds Fund. Bond related costs include capitalized interest of \$224,795.07 through January 10, 2004, bond issuance costs of \$110,000, bond insurance premium of \$24,945.35 and an underwriting discount of \$35,000. Total funding will be provided from proceeds of the Bond Bank Bonds of \$5,000,000 and a bond premium of \$49,639.40.

#### Amortization of \$5,000,000 Principal Amount of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002 C - Page A-4

The amortization of the \$5,000,000 of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002 C is shown in this schedule. The Bond Bank Bonds are to be dated the date of delivery, assumed to be December 18, 2002. The Bond Bank Bonds are amortized based upon actual interest rates determined through a negotiated sale to McDonald Investments, Inc. (the "Underwriter"). The Bond Bank Bonds and the Qualified Obligations will mature annually over a period of approximately 14 years and one month, beginning January 10, 2005 through January 10, 2017. Interest on the Series 2002 C Bonds will be payable semiannually on each January 10 and July 10 commencing on July 10, 2003, on a basis of twelve thirty-day months for a 360-day year. Interest on the Qualified Obligations will be payable semiannually on each January 10 and July 10 commencing January 10, 2003.

#### Comparison of Debt Service and Estimated Assessed Value - Page A-5

This schedule provides a comparison of the annual debt service of the Bond Bank Bonds, Series 2002 C and The Indianapolis Local Public Improvement Bond Bank Bonds, Series 1999 C (the "Series 1999 C Bonds") with the annual estimated debt service tax rate. Debt Service on the Bond Bank Bonds and the Series 1999 C Bonds is the same as the debt service on the Qualified Obligations and the Qualified Entity's General Obligation Bonds, Series 1998 (the "1998 Qualified Obligations"), respectively. The assessed value has been assumed to increase by 1.7% annually over the life of the Bond Bank Bonds. The estimated debt service tax rate per \$100 of assessed value is calculated from the combined debt service of the Qualified Obligations and the 1998 Qualified Obligations less estimated excise revenue divided by the estimated assessed value. The Qualified Entity will offset future increases in the debt service tax rate with a decrease in its General Fund tax rate.

#### Schedule of Amortization of \$13,240,000 Principal Amount of Outstanding Indianapolis Local Public Improvement Bond Banks Bonds, Series 1999 C and 1998 Qualified Obligations - Page A-6

An amortization of the \$13,240,000 of outstanding Series 1999 C Bonds is presented in this schedule. The Series 1999 C Bonds mature over a period of approximately 16 years and 8 months with a final maturity of January 10, 2016. Interest is due semiannually on January 10 and July 10. Principal is due annually on January 10.

# INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION

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### **PROJECT COSTS AND FUNDING**

#### **Project Costs:**

Redemption of 2001 Note	\$4,500,000.00
Interest due on 2001 Note to December 18, 2002	19,947.57
Deposit to Bond Proceeds Fund	134,951.41
Bond-Related costs	
Capitalized interest (through January, 2004)	224,795.07
Bond issuance costs	110,000.00
Bond insurance premium	24,945.35
Underwriting discount @ 0.7%	<u>35,000.00</u>
<b>Total Costs</b>	<b><u><u>\$5,049,639.40</u></u></b>

#### **Project Funding:**

Bond Bank Bonds, Series 2002 C	\$5,000,000.00
Bond Premium	<u>49,639.40</u>
<b>Total Funding</b>	<b><u><u>\$5,049,639.40</u></u></b>

(Subject to the comments in the accompanying report  
dated December 5, 2002 of H.J. Umbaugh & Associates.)

**INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION**

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**AMORTIZATION OF \$5,000,000 PRINCIPAL AMOUNT OF THE  
INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK BONDS, SERIES 2002 C  
AND THE QUALIFIED OBLIGATIONS**

*Bonds dated December 18, 2002.*

Payment Dates	Outstanding Principal (-----In 1,000's-----)	Principal	Interest Rate	Interest	Capitalized Interest	Total	Bond Year Debt Service
07/10/2003	\$5,000			\$118,870.690	(\$118,870.69)	\$0.00	
01/10/2004	5,000			105,924.380	(105,924.38)	0.00	\$0.00
07/10/2004	5,000			105,924.380		105,924.38	
01/10/2005	5,000	\$230	2.250%	105,924.380		335,924.38	441,848.76
07/10/2005	4,770			103,336.880		103,336.88	
01/10/2006	4,770	230	2.600%	103,336.880		333,336.88	436,673.76
07/10/2006	4,540			100,346.880		100,346.88	
01/10/2007	4,540	225	3.000%	100,346.880		325,346.88	425,693.76
07/10/2007	4,315			96,971.880		96,971.88	
01/10/2008	4,315	215	3.250%	96,971.880		311,971.88	408,943.76
07/10/2008	4,100			93,478.130		93,478.13	
01/10/2009	4,100	225	3.500%	93,478.130		318,478.13	411,956.26
07/10/2009	3,875			89,540.630		89,540.63	
01/10/2010	3,875	275	3.700%	89,540.630		364,540.63	454,081.26
07/10/2010	3,600			84,453.130		84,453.13	
01/10/2011	3,600	300	3.900%	84,453.130		384,453.13	468,906.26
07/10/2011	3,300			78,603.130		78,603.13	
01/10/2012	3,300	300	4.000%	78,603.130		378,603.13	457,206.26
07/10/2012	3,000			72,603.130		72,603.13	
01/10/2013	3,000	280	4.100%	72,603.130		352,603.13	425,206.26
07/10/2013	2,720			66,863.130		66,863.13	
01/10/2014	2,720	275	4.350%	66,863.130		341,863.13	408,726.26
07/10/2014	2,445			60,881.880		60,881.88	
01/10/2015	2,445	265	4.450%	60,881.880		325,881.88	386,763.76
07/10/2015	2,180			54,985.630		54,985.63	
01/10/2016	2,180	305	4.550%	54,985.630		359,985.63	414,971.26
07/10/2016	1,875			48,046.880		48,046.88	
01/10/2017	1,875	1,875	5.125%	48,046.880		1,923,046.88	1,971,093.76
Totals		<u>\$5,000</u>		<u>\$2,336,866.45</u>	<u>(\$224,795.07)</u>	<u>\$7,112,071.38</u>	<u>\$7,112,071.38</u>

(Subject to the comments in the accompanying report  
dated December 5, 2002 of H.J. Umbaugh & Associates.)

**INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION**

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**COMPARISON OF DEBT SERVICE AND ESTIMATED ASSESSED VALUE**

Budget Year	Bond Year Ending January 10	Series 1999 C Debt Service	Series 2002 C Debt Service	Less: Excise Revenue	Net Debt Service Funded by Prop. Taxes	Estimated Assessed Value	Estimated Debt Service Tax Rate
		(1)	(2)	(3)		(4)	
2003	2004	\$1,348,447.50		(\$177,506.24) (5)	\$1,170,941.26	\$27,231,192,000	0.0043
2004	2005	1,153,822.50	441,848.76	(159,567.13)	1,436,104.13	27,694,122,300	0.0052 (6)
2005	2006	1,189,572.50	436,673.76	(162,624.63)	1,463,621.63	28,164,922,400	0.0052
2006	2007	1,227,072.50	425,693.76	(165,276.63)	1,487,489.63	28,643,726,100	0.0052
2007	2008	1,276,072.50	408,943.76	(168,501.63)	1,516,514.63	29,130,669,400	0.0052
2008	2009	1,300,822.50	411,956.26	(171,277.88)	1,541,500.88	29,625,890,800	0.0052
2009	2010	1,292,322.50	454,081.26	(174,640.38)	1,571,763.38	30,129,530,900	0.0052
2010	2011	1,306,597.50	468,906.26	(177,550.38)	1,597,953.38	30,641,732,900	0.0052
2011	2012	1,348,397.50	457,206.26	(180,560.38)	1,625,043.38	31,162,642,400	0.0052
2012	2013	1,410,327.50	425,206.26	(183,553.38)	1,651,980.38	31,692,407,300	0.0052
2013	2014	1,461,042.50	408,726.26	(186,976.88)	1,682,791.88	32,231,178,200	0.0052
2014	2015	1,515,562.50	386,763.76	(190,232.63)	1,712,093.63	32,779,108,200	0.0052
2015	2016	1,522,500.00	414,971.26	(193,747.13)	1,743,724.13	33,336,353,000	0.0052
2016	2017		1,971,093.76	(197,109.38)	1,773,984.38	33,903,071,000	0.0052
Totals		<u>\$17,352,560.00</u>	<u>\$7,112,071.38</u>	<u>(\$2,489,124.63)</u>	<u>\$21,975,506.75</u>		

(1) See page A-6.

(2) See page A-4.

(3) Assumes financial institutions / excise factor of 10%.

(4) Assumes growth rate is approximately 1.7% annually.

(5) Includes additional funds to be applied to debt service payments.

(6) Assumes debt service tax rate increase, if any, is offset by a General Fund decrease, resulting in a level IPTC total tax rate beginning in budget year 2004 and thereafter.

(Subject to the comments in the accompanying report  
dated December 5, 2002 of H.J. Umbaugh & Associates.)

**INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION**

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**SCHEDULE OF AMORTIZATION OF \$13,240,000 PRINCIPAL AMOUNT OF  
OUTSTANDING INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT  
BOND BANK BONDS, SERIES 1999 C AND 1998 QUALIFIED OBLIGATIONS**

*Bonds dated April 1, 1999.*

**(Unaudited)**

<u>Payment Dates</u>	<u>Outstanding Principal</u> (-----In 1,000's-----)	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>	<u>Bond Year Debt Service</u>
01/10/2003	\$13,240	\$710	3.85%	\$312,891	\$1,022,891	\$1,022,891
07/10/2003	12,530			299,224	299,224	
01/10/2004	12,530	750	3.95%	299,224	1,049,224	1,348,448
07/10/2004	11,780			284,411	284,411	
01/10/2005	11,780	585	5.00%	284,411	869,411	1,153,823
07/10/2005	11,195			269,786	269,786	
01/10/2006	11,195	650	5.00%	269,786	919,786	1,189,573
07/10/2006	10,545			253,536	253,536	
01/10/2007	10,545	720	5.00%	253,536	973,536	1,227,073
07/10/2007	9,825			235,536	235,536	
01/10/2008	9,825	805	5.00%	235,536	1,040,536	1,276,073
07/10/2008	9,020			215,411	215,411	
01/10/2009	9,020	870	5.00%	215,411	1,085,411	1,300,823
07/10/2009	8,150			193,661	193,661	
01/10/2010	8,150	905	4.50%	193,661	1,098,661	1,292,323
07/10/2010	7,245			173,299	173,299	
01/10/2011	7,245	960	4.50%	173,299	1,133,299	1,306,598
07/10/2011	6,285			151,699	151,699	
01/10/2012	6,285	1,045	4.60%	151,699	1,196,699	1,348,398
07/10/2012	5,240			127,664	127,664	
01/10/2013	5,240	1,155	4.70%	127,664	1,282,664	1,410,328
07/10/2013	4,085			100,521	100,521	
01/10/2014	4,085	1,260	4.80%	100,521	1,360,521	1,461,043
07/10/2014	2,825			70,281	70,281	
01/10/2015	2,825	1,375	4.95%	70,281	1,445,281	1,515,563
07/10/2015	1,450			36,250	36,250	
01/10/2016	1,450	1,450	5.00%	36,250	1,486,250	1,522,500
Totals		<u>\$13,240</u>		<u>\$5,135,451</u>	<u>\$18,375,451</u>	<u>\$18,375,451</u>

(Subject to the comments in the accompanying report  
dated December 5, 2002 of H.J. Umbaugh & Associates.)

## APPENDIX B



## FORM OF BOND COUNSEL OPINION

Upon delivery of the Bonds in definitive form, Ice Miller, Bond Counsel, proposes to render the following opinion with respect to the Bonds substantially in the form set forth below.

\_\_\_\_\_, 2002

McDonald Investments, Inc.  
Indianapolis, Indiana

The Indianapolis Local Public  
Improvement Bond Bank  
Indianapolis, Indiana

Re: The Indianapolis Local Public Improvement Bond Bank  
Bonds, Series 2002 C ("Bonds"); Total Issue: \$5,000,000

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The Indianapolis Local Public Improvement Bond Bank ("Issuer") of its Bonds, dated \_\_\_\_\_, 2002, in the aggregate principal amount of \$5,000,000 pursuant to a Trust Indenture, dated as of April 1, 2002 ("Indenture"), between the Issuer and Bank One Trust Company, National Association, as Trustee, Registrar and Paying Agent. We have examined the law and the certified transcript of proceedings of the Issuer had relative to the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion. We have relied upon the certified transcript of proceedings and other certificates of public officials and we have not undertaken to verify any facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their respective terms and are payable from and secured only by payments received on the Indianapolis Public Transportation Corporation ("IPTC") General Obligation Bonds of 2002 ("Qualified Obligations").

2. Under statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is exempt from income taxation in the State of Indiana ("State"). This opinion relates only to the exemption of interest on the Bonds from State income taxes.

3. Under federal statutes, decisions, regulations and rulings existing on this date, interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986 ("Code"). This opinion relates

only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance with tax representations and covenants made in the Indenture, in the resolution authorizing issuance of the Qualified Obligations, and in certificates of the Issuer and the IPTC (collectively, "Tax Representations"). Failure to comply with the Tax Representations could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issue.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof and of the Indenture may be subject to the valid exercise of the constitutional powers of the Issuer, the IPTC, the City of Indianapolis, the State and the United States of America. It is to be further understood that the rights of the owners of the Bonds and the enforceability thereof and of the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

## APPENDIX C

## **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

The following is a summary of certain provisions of the Trust Indenture between The Indianapolis Local Public Improvement Bond Bank ("Bond Bank") and Bank One Trust Company, National Association, as trustee ("Trustee"), dated as of April 1, 2002 ("Indenture"). This summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Indenture. Certain capitalized terms used in this summary are defined at the end of this Appendix C.

### **INDENTURE**

The Bond Bank will issue its Bond Bank Bonds, Series 2002 C ("Series 2002 C Bonds"), pursuant to the Indenture.

#### **Security for Bonds**

To secure the payment of the principal of, premium, if any, and interest on the outstanding Series 2002 C Bonds and any Additional Bonds (the Series 2002 C Bonds and any Additional Bonds are hereinafter collectively referred to as the "Bonds"), and the performance of the covenants contained in the Bonds and the Indenture, the Bond Bank, grants to the Trustee a security interest in the following property ("Trust Estate"):

- (i) All cash and securities held for the credit of the Funds and Accounts established under the Indenture, the Investment Earnings thereon and the proceeds thereof (except the Rebate Fund under the Indenture); and
- (ii) All Qualified Obligations acquired and held pursuant to the Indenture and the earnings thereon and all proceeds thereof (including all Qualified Obligation Payments); and
- (iii) All Revenues and any moneys hereinafter pledged as security by the Bond Bank.

The Trust Estate is to be held by the Trustee for the equal and proportionate benefit and security of the owners from time to time of all the outstanding Bonds without any priority of any such Bond over any other such Bond, except as otherwise expressly provided in the Indenture.

#### **Accounts**

***Creation of Funds and Accounts.*** Under the Indenture, the Bond Bank creates and establishes the following Funds: (1) the General Fund and (2) the Rebate Fund. There is hereby created and established in the General Fund a "General Account," a "Bond Issuance Expense Account" and a "Redemption Account".

All such Funds and Accounts will be held and maintained by the Trustee. All moneys or securities held by the Trustee pursuant to the Indenture will be held in trust and applied only in accordance with the provisions of the Indenture. The Bond Bank and the Trustee may establish such additional Funds, Accounts or subaccounts as they may in their discretion determine to be appropriate to comply with the provisions of the Indenture.

**General Account.** There will be deposited in the General Account: (i) the proceeds of the sale of the Bonds, other than the amounts deposited in the Bond Issuance Expense Account as described below; and (ii) any other amounts required to be deposited in the General Account pursuant to the Indenture. The Trustee will apply the moneys in the General Account (i) to purchase the Qualified Obligations; (ii) to pay principal and interest coming due on the Bonds; (iii) to pay, as necessary, Program Expenses; (iv) to pay any amount needed to comply with Section 6.08 of the Indenture (rebate); and (v) to transfer to any other fund or account of the Bond Bank of any moneys in excess of the amounts needed to pay principal and interest on the Bonds within the immediately succeeding twelve month period pursuant to the Indenture.

**Redemption Account.** There will be deposited in the Redemption Account (i) all moneys received upon the sale or redemption prior to maturity of Qualified Obligations and (ii) such other amounts as may be designated by the Indenture. Funds in the Redemption Account will be disbursed as follows by the Trustee: (1) on such dates as are specified in the Indenture, an amount equal to the principal which would have been payable during the following month for Qualified Obligations sold or redeemed prior to maturity; (2) on such dates as are specified in the Indenture, to the extent moneys in the General Account are not sufficient, for the purpose of paying the principal of and interest on the Bonds as the same become due; (3) after providing for the payments required under (1) and (2) above, moneys may be used (A) on any redemption date, to redeem Bonds; (B) to purchase Qualified Obligations as permitted under the Indenture; (C) to transfer any excess moneys to the General Account; (D) to purchase Bonds at the most advantageous price obtainable with reasonable diligence; or (E) to invest such moneys until the maturity or maturities of Bonds in accordance with Article IX of the Indenture; and (4) if the Trustee is unable to purchase Bonds under (3) above, then, subject to the Indenture, the Trustee shall redeem Bonds to exhaust as nearly as possible the amounts remaining in the Redemption Account under the Indenture after payment of the amounts described in clauses (A), (B), (C) and (D) above. Upon presentation of a Cash Flow Certificate from the Bond Bank, the Trustee may transfer moneys to the General Account (pursuant to the Indenture.)

**Bond Issuance Expense Account.** There will be deposited in the Bond Issuance Expense Account: (i) a portion of the proceeds of the Bonds in an amount equal to the estimated costs of issuing the Bonds, and (ii) any other amounts required to be deposited therein pursuant to the Indenture. Funds in the Bond Issuance Expense Account will be disbursed to pay the costs of issuing the Bonds. Any funds remaining in the Bond Issuance Expense Account ninety days after the issuance of Bonds will be transferred to the General Account and the Bond Issuance Expense Account may, at the direction of the Bond Bank, be closed.

**Rebate Fund.** There shall be made all deposits and disbursements as required by law from the Rebate Fund solely in accordance with the Bond Bank's written direction. Money at any time deposited in the Rebate Fund will be held by the Trustee in trust. The Trustee will remit part or all of the balances in the Rebate Fund to the United States, as directed by the Bond Bank. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebate amount, or provision made therefor satisfactory to the Trustee, will be distributed to the Bond Bank.

## **Investment of Money**

Subject to the right of the Bond Bank to direct the investment or deposit of funds under the Indenture, moneys in any Fund or Account (except the Redemption Account) shall be continuously invested and reinvested or deposited or redeposited by the Trustee in the Investment Securities.

Any moneys in the Redemption Account shall be invested only in Governmental Obligations as directed by the Bond Bank. Any moneys in the Rebate Fund shall be invested as directed by the Bond Bank from time to time. All such investments shall at all times be a part of the Fund or Account in which the moneys used to acquire such investments had been deposited and all Investment Earnings on such investments shall be deposited as received in the General Account, except for income and profits on investment of funds in the Rebate Fund which shall remain in the Rebate Fund.

## **Additional Bonds**

Additional Bonds may be issued from time to time only for the purchase of Additional Qualified Obligations, including but not limited to, Refunding Qualified Obligations, issued by a Qualified Entity or to refund all or a portion of the outstanding Bonds. Any Additional Bonds shall be authorized by a supplemental indenture, will be secured by the supplemental indenture and will be equally and ratably payable from the Trust Estate.

## **Covenants of Bond Bank**

The Bond Bank covenants, among other things, that:

(a) it will faithfully perform all provisions contained in each Bond and the Indenture and will promptly pay or cause to be paid (solely from the Trust Estate) the principal of, and interest on every Bond, on the dates and at the places and in the manner stated in the Bonds;

(b) it is duly authorized under the constitution and laws of the State of Indiana, including particularly the Act, to issue the Bonds and to pledge the Revenues and all other property as pledged in the Indenture;

(c) it will do all acts and things necessary to receive and collect Revenues (including enforcement of the prompt collection of all arrears on Qualified Obligation Payments) and to protect its rights with respect to the Qualified Obligations;

(d) it will promptly make, execute, and deliver all indentures supplemental to the Indenture and to take all action deemed advisable and necessary by the Trustee for the better securing of the Bonds;

(e) all books and documents in its possession relating to the Qualified Obligations shall at all times be open to inspection by such accountants or other agencies or persons as the Bond Bank or the Trustee may from time to time designate;

(f) it will maintain proper books and records and: (i) within 120 days of each Fiscal Year, file with the Trustee a copy of an annual report and audited financial statements; and (ii) copies of all reports filed with the Bond Bank pursuant to the Purchase Agreement;

(g) it will not (i) permit any material change in any Qualified Obligation; or (ii) sell or dispose of any Qualified Obligations unless it provides a Cash Flow Certificate to the Trustee. The Bond Bank will (i) enforce remedies available to owners of Qualified Obligations and (ii) pursue applicable remedies set forth in IC 5-1.4-8-4, to the extent such action would not adversely affect the validity of the Qualified Obligations.

(h) at least sixty (60) days prior to the beginning of the Fiscal Year prepare and file with the Trustee a preliminary budget for the succeeding Fiscal Year.

(i) it will regularly review investments held by the Trustee in the Funds and Accounts.

### **Tax Covenants**

To assure the continuing exclusion of the interest on the Bonds from the gross income of the owners thereof for federal tax purposes under Section 103 of the Code, the Bond Bank covenants and agrees as follows:

(a) It will not take any action or fail to take any action with respect to the Bonds, that would result in the loss of the exclusion from gross income for federal tax purposes of interest on any of the Bonds pursuant to Section 103 of the Code, nor will the Bond Bank act in any other manner which would adversely affect such exclusion; and it will not make any investment or do any other act or thing during the period that the Bonds are Outstanding which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, all as in effect on the date of delivery of the particular Series of Bonds.

(b) These covenants are based solely on current law in effect and in existence on the date of delivery of each Series of Bonds.

(c) It shall not be an Event of Default under the Indenture if the interest on any of the Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of the issuance of such Bonds.

(d) In making any determination regarding the covenants, the Bond Bank may rely on an Opinion of Bond Counsel.

(e) It will rebate any necessary amounts to the United States of America to the extent required by the Code, as provided in the Indenture.

### **Default and Remedies**

Events of default under the Indenture include: failure to pay the principal of or interest on any of the Bonds; occurrence of certain events of bankruptcy or insolvency of the Bond Bank;

default in the performance or observance of any other of the covenants, agreements of conditions by the Bond Bank under the Indenture and the continuance of such default for sixty (60) days after receipt of written notice; failure to remit to the Trustee any moneys required to be remitted under the Indenture; and any warranty, representation or other statement is found to be false or misleading, when made, in any material respect and failure to remedy the same.

Upon the occurrence of one or more events of default, the Trustee may, and shall upon written request of the holders of at least twenty-five percent (25%) in principal amount of the Bonds then outstanding, pursue any available remedy by suit at law or in equity, whether for specific performance of any covenant or agreement contained in the Indenture or in aid of any power granted therein, to the extent permitted by law, the appointment of a receiver.

No holder of any of the Bonds shall have the right to institute any proceeding in law or in equity, or for the appointment of a receiver, or for any other remedy under the Indenture without complying with the provisions of the Indenture.

***Remedies.*** In case of an event of default under the Indenture, the Trustee will proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by a suit, action or proceeding in equity or at law or otherwise. The Trustee will be entitled to the appointment of a receiver of the trust estate and the Revenues.

***Acceleration.*** If the Trustee certifies that there are sufficient moneys on deposit in the funds and accounts under the Indenture to pay the principal and accrued interest on all outstanding Bonds, the Trustee may by notice in writing to the Bond Bank and Corporation Counsel of the City, declare the principal of all the outstanding Bonds, declare the principal of all the outstanding Bonds, and the interest accrued thereon, to be due and payable immediately.

***Application of Collection Proceeds.*** The proceeds of any collection efforts will be deposited in the General Account, and all such moneys in the General Account will be applied by the Trustee as follows:

(i) To the payment of costs and expenses of suit, if any, and of the expenses, liabilities and advances incurred or made under the Indenture by the Trustee and any other moneys owed to the Trustee; then

(ii) Unless the principal of all Bonds shall have become due and payable, in the following order to the payment of: (i) interest then due on the Bonds, including interest on overdue principal of the Bonds; (ii) principal then due of the Bonds; and (iii) principal of and interest on Bonds thereafter due either at maturity or upon call for redemption; then

(iii) To the payment of the surplus, if any, to the Bond Bank, its successors and or to whomsoever may be lawfully entitled to receive the same.

If the principal of all of the Bonds shall have become due and payable, all of such moneys shall be applied to the payment of unpaid principal and interest on the Bonds.



## **Supplemental Indentures**

***Supplemental Indentures Not Requiring Bondholder Consent.*** The Bond Bank and the Trustee may, without obtaining the approval of the holders of the Bonds, enter into supplemental indentures (i) to cure any ambiguity or formal defect or omission in the Indenture; (ii) to grant to the Trustee for the benefit of such holders any additional benefits, rights, remedies, powers or authorities that may be lawfully granted; (iii) to subject to the pledge of the Indenture additional security, revenues, properties, or collateral; (iv) to amend the Indenture or any supplemental indenture to permit qualification under the Trust Indenture Act of 1939, as amended; (v) to evidence the appointment of a separate or co-trustee or the succession of a new trustee, registrar, or paying agent; (vi) to provide for the issuance of each additional series of Bonds permitted by the Indenture; (vii) to refund all or a portion of the Bonds; (viii) to permit compliance with any future federal tax law; and (ix) for any other purpose which the Trustee, in its sole discretion, determines will not have a material adverse effect on the interests of the owners of the Bonds; provided, however, that the Bond Bank and the Trustee will make no amendment permitting the purchase of obligations other than Additional Qualified Obligations.

***Supplemental Indentures Requiring Bondholder Consent.*** With the consent of the owners of not less than a majority of the aggregate principal amount of Bonds outstanding which are affected, the Bond Bank and the Trustee may from time to time enter into a supplemental indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture; provided, however, that no such supplemental indenture shall without the consent of the owners of all of the outstanding Bonds: (i) extend the maturity of any Bond or change the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or -reduce any premium payable on the redemption thereof; (ii) reduce the aforesaid percentage of owners required to approve any such supplemental indenture; (iii) permit a privilege or priority of any Bond or Bonds over any other Bond or Bonds; (iv) permit a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture; (v) permit the creation of any lien securing any Bonds other than a lien ratably securing all of the Bonds outstanding under the Indenture; or (vi) permit any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

## **Defeasance**

The covenants, liens and pledges entered into, created and pursuant to the Indenture may be fully discharged and satisfied with respect to the Bonds in any one or more of the following ways:

- (i) By paying all of the principal, premium, if any, and interest on the Bonds, when the same become due and payable;
- (ii) By depositing with the Trustee in the manner provided by the Indenture and for such purpose, at or before the date or dates of maturity or redemption, moneys in the necessary amount to pay or redeem all of the Bonds and the premium, if any, and interest thereon accrued to the date of payment;

(iii) By depositing with the Trustee and for such purpose, at or before the dates of maturity or redemption, noncallable or nonprepayable Governmental Obligations in an amount sufficient, including any income or increment to accrue thereon, but without the necessity of any reinvestment, to pay or redeem all the Bonds and the interest thereon accrued to the date of payment in accordance with their terms; or

(iv) By depositing with the Trustee for such purpose a combination of such moneys and Governmental Obligations and all fees and expenses of the Trustee.

Upon such complete discharge and satisfaction, the Indenture will cease, terminate and be void.

Upon the deposit with the Trustee money or Governmental Obligations in the amount as described above, provided that if the Bonds are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Indenture, or such provisions satisfactory to the Trustee have been made for the giving of such notice, the Indenture may be discharged in accordance with the provisions of the Indenture, but the limited liability of the Bond Bank with respect to the Bonds to be redeemed shall continue, provided that the owners thereof shall thereafter be entitled only to payment out of the money or Governmental Obligations deposited with the Trustee for their payment.

## **DEFINITIONS**

Certain capitalized terms used in the Indenture and Ordinance summaries are defined as follows:

"Act" means the provisions of Indiana Code 5-1.4.

"Additional Bonds" means Bonds issued pursuant to the Indenture and any Supplemental Indenture.

"Additional Qualified Obligations" means any Qualified Obligations which are general obligations issued by a Qualified Entity, other than the 2002 IPTC Bonds, and purchased by the Bond Bank with a portion of the proceeds of a Series of Bonds.

"Bond Counsel" means Counsel that is nationally recognized in the area of municipal law and matters relating to the exclusion of interest on municipal bonds from gross income under federal tax law.

"Bondholder" or "holder of Bonds," "owner of Bonds" or "Registered Owner" or any similar term means the registered owner of any Bond, including the Bond Bank, and any purchaser of Bonds being held for resale, including the Bond Bank.

"Cash Flow Certificate" means a certificate prepared by an accountant or firm of accountants in accordance with the Indenture concerning anticipated Revenues.

"Code" means the Internal Revenue Code of 1986, as in effect on the date of issuance of any Series of Bonds, and the applicable judicial decisions or published rulings, or any applicable regulations promulgated or proposed thereunder or under the Internal Revenue Code of 1954 as in effect immediately prior to the enactment of the Tax Reform Act of 1986.

"Fees and Charges" means fees and charges established by the Bond Bank from time to time pursuant to the Act which are payable by the Qualified Entities.

"Fiscal Year" means the twelve month period from January 1 through the following December 31.

"Governmental Obligations" means (a) direct obligations of the United States of America or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, including but not limited to securities evidencing ownership interests in such obligations or in specified portions thereof (which may consist of specific portions of the principal of or interest on such obligations), and (b) obligations of any state of the United States of America or any political subdivision thereof, the full payment of principal of, premium, if any, and interest on which (i) are unconditionally guaranteed or insured by the United States of America, or (ii) are provided for by an irrevocable deposit of securities described in clause (a) and are not subject to call or redemption by the issuer thereof prior to maturity or for which irrevocable instructions to redeem have been given.

"Investment Earnings" means earnings and profits (after consideration of any accrued interest paid and amortization of premium or discount on the investment) on the moneys in the Funds and Accounts established under the Indenture, except the Rebate Fund.

"Investment Securities" means any of the following: (a) Governmental Obligations; (b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: Export-Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, Government National Mortgage Association, Maritime Administration, Public Housing Authorities, Banks for Cooperatives or Farm Credit Banks; (c) certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank, savings and loan association and mutual savings bank, including the Trustee, each fully insured by the Federal Deposit Insurance Corporation; (d) bankers' acceptances or certificates of deposit of commercial banks or savings and loan associations, including the Trustee, which mature not more than one year after the date of purchase; provided the banks or savings and loan associations (as opposed to their holding companies) are rated for unsecured debt at the time of purchase of the investments in the single highest full classification established by Moody's Investors Service ("Moody's") and S&P; (e) commercial paper rated at the time of purchase in the single highest full classification by Moody's and S&P and which matures not more than 270 days after the date of purchase; (f) investment agreements fully and properly secured at all times by collateral security described in (a), (b), or (c) above; (g) repurchase agreements with any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, each of which agreement is secured by any one or more of the securities described in clauses (a), (b) or (c) above; provided, underlying securities are required by the repurchase agreement to be continuously maintained at a market value not less than the amount so invested; and (h) shares of a money market mutual fund registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, or units of a common trust fund, which is rated by Moody's or S&P in one of the two highest categories assigned by such Rating Agencies to obligations of that nature and which invests its assets solely in obligations described in (a) and (g) above.

"Ordinance" means the IPTC's Ordinance No. 3-\_\_\_\_\_ authorizing the issuance of the 2002 IPTC Bonds.

"Program" means the program for the purchase of Qualified Obligations by the Bond Bank pursuant to the Act and the Indenture.

"Program Expenses" means all of the Bond Bank's expenses in carrying out and administering the Program pursuant to the Indenture and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, credit enhancement fees, liquidity facility fees, legal, accounting, management, consulting and banking services and expenses, fees and expenses of the Trustee, the Registrar and the Paying Agent (as defined in the Indenture), costs of verifications required under Section 6.13 of the Indenture, Costs of Issuance not paid from the proceeds of Bonds, travel, payments for pension, retirement, health and hospitalization, life and disability insurance benefits, any other costs

permitted under the Act, and rebates, if any, which in the opinion of nationally recognized bond counsel are required to be made under the Code in order to preserve or protect the exclusion from gross income for federal tax purposes of interest on the Bonds, all to the extent properly allocable to the Program.

"Purchase Agreement" means the Qualified Entity Purchase Agreement between the Bond Bank and the IPTC authorizing the Bond Bank's purchase of the 2002 IPTC Bonds, the form of which was approved at the meeting of the Board of Directors of the Bond Bank on March 18, 2002.

"Qualified Entity" means the IPTC , a qualified entity under IC 5-1.4-1-10.

"Qualified Obligation" means a Security (as that term is defined in the Act), including the 2002 IPTC Bonds, which has been acquired by the Bond Bank pursuant to the Indenture.

"Qualified Obligation Payment" means the amounts paid or required to be paid, from time to time, for principal and interest by the Qualified Entity to the Bond Bank on the Qualified Entity's Qualified Obligation and any Fees and Charges paid or required to be paid by any Qualified Entity to the Bond Bank under the provisions of any agreement for the purchase and sale of Securities.

"Refunding Qualified Obligation" means any Qualified Obligation issued to refund any of the Qualified Obligations or another Refunding Qualified Obligation.

"Revenues" means the income, revenues and profits of the Funds and Accounts referred to in the granting clauses of the Indenture including, without limitation, all Qualified Obligation Payments and Investment Earnings, but excluding amounts required to be deposited and maintained in the Rebate Fund.

"Series of Bonds" or "Bonds of a Series" or "Series" or words of similar meaning means any Series of Bonds authorized by the Indenture or by a supplemental indenture.

"2002 IPTC Bonds" means the Indianapolis Public Transportation Corporation, General Obligation Bonds of 2002, dated as of their issue date, and issued in the original aggregate principal amount of \$5,000,000.

## APPENDIX D

**Indianapolis Public Transportation Corporation**  
**(A component Unit of the Consolidated City of**  
**Indianapolis-Marion County Government Reporting Entity)**

**Balance Sheet**  
**For the Years Ended December 31, 2001 and 2000**  
**UNAUDITED**

<b>ASSETS</b>	<b>2000</b>	<b>2001</b>
Current Assets		
Cash and cash equivalents		
Designated for working capital	\$855,945	\$155,585
	<u>855,945</u>	<u>155,585</u>
Receivables		
Federal grants	2,539,390	2,627,979
Other	617,968	363,536
	<u>3,157,358</u>	<u>2,991,515</u>
Materials and supplies inventories	693,384	660,666
Deposits and prepaid expenses	56,131	277,697
Total current assets	<u>4,762,818</u>	<u>4,085,463</u>
Restricted Assets		
Fixed asset acquisition accounts		
Cash and cash equivalents	5,293,553	7,207,191
Unamortized bond issue costs	125,192	116,846
	<u>5,418,745</u>	<u>7,324,037</u>
Debt service accounts		
Cash and cash equivalents	68,678	37,892
Liability reserve accounts		
Cash and cash equivalents	1,212,332	648,347
Total restricted assets	<u>6,699,755</u>	<u>8,010,276</u>
Property, Plant and Equipment		
Land and land improvements	1,776,747	1,776,747
Buildings and improvements	28,587,536	28,772,476
Revenue vehicles and equipment	44,069,157	52,562,280
Other equipment	4,710,911	4,560,249
	<u>79,144,351</u>	<u>87,671,752</u>
Accumulated depreciation	(40,302,434)	(45,340,538)
	<u>38,841,917</u>	<u>42,331,214</u>
<b>TOTAL ASSETS</b>	<u><b>\$50,304,490</b></u>	<u><b>\$54,426,953</b></u>

**Indianapolis Public Transportation Corporation**  
**(A component Unit of the Consolidated City of**  
**Indianapolis-Marion County Government Reporting Entity)**

**Balance Sheet**  
**For the Years Ended December 31, 2001 and 2000**  
**UNAUDITED**

<b>Liabilities and Fund Equity</b>	<b>2000</b>	<b>2001</b>
Current Liabilities--payable from current assets		
Accounts payable	\$1,516,194	\$1,277,066
Contract services payable	179,227	278,203
Payroll taxes and withholdings	275,577	199,263
Accrued liabilities	3,802,398	6,242,326
Unredeemed fares	58,691	277,641
Current maturities of capital lease obligations	1,962,231	2,047,967
Notes payable - current		4,500,000
Total current liabilities--payable from		
Current assets	<u>7,794,318</u>	<u>14,822,466</u>
Current Liabilities--payable from restricted assets		
Accrued interest on bonds payable		<u>710,000</u>
Long-Term Liabilities--payable from current assets		
Capital lease obligations, net of current portion	<u>85,736</u>	<u>0</u>
Long-Term Liabilities--payable from restricted assets		
Bonds payable, net of current portion	<u>13,905,000</u>	<u>12,530,000</u>
Total Liabilities	<u>21,785,054</u>	<u>28,062,466</u>
Fund Equity		
Contributed capital	<u>37,540,926</u>	<u>45,458,279</u>
Retained earnings (deficit)		
Reserved	(8,417,577)	(10,881,849)
Unreserved	<u>(603,913)</u>	<u>(8,211,943)</u>
	<u>(9,021,490)</u>	<u>(19,093,792)</u>
Total fund equity	<u>28,519,436</u>	<u>26,364,487</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><b>\$50,304,490</b></u>	<u><b>\$54,426,953</b></u>



**Indianapolis Public Transportation Corporation**  
**(A component Unit of the Consolidated City of**  
**Indianapolis-Marion County Government Reporting Entity)**

**Statement of Revenue, Expense and Changes in Fund Equity**  
**For the Years Ended December 31, 2001 and 2000**  
**UNAUDITED**

	<u>2000</u>	<u>2001</u>
Operating Revenue		
Passenger fares	\$6,789,774	\$6,740,900
Charter and special services	394,715	380,883
Advertising	210,556	205,484
	<u>7,395,045</u>	<u>7,327,267</u>
Operating Expense		
Transportation	20,312,617	20,575,280
Maintenance of equipment, including fuel	7,370,645	7,967,405
Administrative and general	7,033,657	6,444,711
Claims and insurance	1,449,791	2,518,088
	<u>36,166,710</u>	<u>37,505,484</u>
Operating Loss Before Depreciation	<u>(28,771,665)</u>	<u>(30,178,217)</u>
Depreciation (net)		
On assets acquired with federal funds	3,916,058	4,176,688
On assets acquired with local and state funds	1,022,238	1,366,613
	<u>4,938,296</u>	<u>5,543,301</u>
Operating Loss	<u>(33,709,961)</u>	<u>(35,721,518)</u>
Nonoperating Revenue (Expenses)		
Operating subsidies		
Property and excise tax	10,382,575	10,683,856
Operating assistance		
FTA section 9 operating grants and preventative maintenance funding	6,667,908	7,907,553
FTA section 9 planning grants	2,453,054	109,479
Municipalities	9,492,246	9,715,245
Other expenses, net	(547,689)	(302,644)
	<u>28,448,094</u>	<u>28,113,489</u>
Net Loss	(5,261,867)	(7,608,029)
Fund Equity, Beginning of year	<u>21,421,005</u>	<u>28,519,436</u>
	16,159,138	20,911,407
Contributions--capital grants	<u>12,360,298</u>	<u>5,453,080</u>
Fund Equity, End of year	<u>\$28,519,436</u>	<u>\$26,364,487</u>

## APPENDIX E

# STATISTICAL TABLES

(Unaudited)

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**Indianapolis Public Transportation Corporation**  
**Operating Expense, Capital Acquisitions and Debt Service (1)**  
**Last Ten Years**

**Table I**

<b>Year</b>	<b>Operating Expenses(2)</b>	<b>Capital Acquisitions(3)</b>	<b>Debt Service</b>	<b>Total</b>
2001	\$43,048,785	\$9,012,311	\$1,338,782	\$53,419,878
2000	41,105,006	15,964,736	2,343,533	59,413,275
1999	34,295,459	1,548,744	1,496,140	37,340,343
1998	29,688,861	4,517,398	1,035,481	35,241,740
1997	29,112,983	8,514,428	1,071,508	38,698,919
1996	28,450,664	1,319,411	1,326,056	31,096,131
1995	28,648,608	1,296,718	1,498,506	31,443,832
1994	27,124,790	848,314	1,339,957	29,313,061
1993	26,926,516	282,359	1,473,115	28,681,990
1992	25,220,122	1,926,014	6,670,424 (3)	33,816,560

(1) Data presented on the accrual basis.

(2) Including depreciation.

(3) Includes \$5,025,000 of 1984 bonds which were refinanced.

**Indianapolis Public Transportation Corporation**  
**Tax Revenue by Source(1)**  
**Last Ten Years**

**Table II**

<b>Year</b>	<b>Total Taxes</b>	<b>General Property Taxes(2)</b>	<b>Bank, Building and Loan Tax</b>	<b>Excise Total</b>
2001	\$10,683,856	\$9,582,593	\$105,755	(3) \$995,508
2000	10,382,575	9,360,937	106,279	915,359
1999	10,140,632	9,122,752	118,081	899,799
1998	9,984,110	8,916,706	106,447	960,957
1997	9,479,451	8,483,930	114,065	881,456
1996	9,486,463	8,512,051	112,294	862,118
1995	8,708,555	7,760,338	113,856	834,361
1994	8,567,373	7,652,761	113,216	801,396
1993	8,420,689	7,525,745	114,011	780,933
1992	8,205,944	7,309,377	118,336	778,231

(1) Data presented on the cash basis.

(2) Includes Operating and Debt Service.

(3) This total includes \$86,926 for VET

**Table III**

**Indianapolis Public Transportation Corporation  
General Revenue by Source, Including Non-operating Revenue(1)  
Last Ten Years**

<b>Year</b>	<b>Passenger Fares</b>	<b>Charter and Special Service</b>	<b>General Property Taxes(2)</b>	<b>Excise, Bank, Building and Loan Taxes</b>	<b>Federal Assistance</b>
2001	\$6,740,900	\$380,883	\$9,582,593	\$1,101,263	\$8,017,032
2000	6,789,774	394,715	9,360,937	1,021,638	9,120,962
1999	7,332,113	336,418	9,122,752	1,017,880	6,130,945
1998	6,708,510	259,949	8,916,706	1,067,404	4,372,364
1997	6,760,008	356,407	8,483,930	995,521	1,811,926
1996	7,118,444	290,039	8,512,051	974,412	1,788,706
1995	6,708,806	313,960	7,760,338	948,217	3,410,362
1994	6,373,461	458,193	7,652,761	914,612	3,846,234
1993	6,192,350	292,309	7,525,745	894,944	3,784,766
1992	6,219,433	388,472	7,309,377	896,978	3,794,565

(1) Data presented on the accrual basis.

(2) Includes Operating and Debt Service.

**Table IV**

**Indianapolis Public Transportation Corporation  
General Property Tax Levies and Collections(1)(2)  
Last Ten Years**

<b>Year</b>	<b>Taxes Levied(3)</b>	<b>Current Taxes Collected</b>	<b>Percent Of Levy Collected</b>	<b>Delinquent Taxes Collected</b>	<b>Total Collected</b>	<b>Total Collections As Percent Of Current Levy</b>
2001	\$9,632,636	\$9,218,454	96.2%	\$364,139	\$9,582,593	99.5%
2000	9,502,324	9,020,546	94.9	340,391	9,360,937	98.5
1999	9,258,420	8,778,927	94.8	343,825	9,122,752	98.5
1998	9,082,349	8,662,783	95.4	253,923	8,916,706	98.2
1997	8,658,680	8,157,834	94.2	326,096	8,483,930	98.0
1996	8,425,492	8,238,192	97.8	273,859	8,512,051	101.0
1995	7,812,624	7,372,155	94.4	330,893	7,703,048	98.6
1994	7,681,332	7,384,242	96.1	268,519	7,652,761	99.6
1993	7,554,605	7,367,628	97.5	320,588	7,688,216	101.8
1992	7,386,390	7,103,468	96.2	295,847	7,399,315	100.2

(1) Includes Operating and Debt Service.

(2) Data presented on the cash basis.

(3) Per State Board of Tax Commissioners' Budget Order.

(4) Collections lower due to refunds on appeals from shopping centers for 1990 reassessment.

**Table III**  
**Sheet 2**

<b>State Assistance</b>		<b>Municipalities Contract Service</b>		<b>Advertising</b>	<b>Miscellaneous(5)</b>	<b>Total</b>
		\$9,715,245		\$205,079	\$205,079	\$35,948,479
	(3)	9,492,246	(4)	210,556	374,137	36,764,965
\$ 44,420	(3)	6,377,892	(4)	218,891	407,473	30,988,784
	(3)	6,224,591	(4)	145,197	299,749	27,994,470
	(3)	6,221,828	(4)	166,242	400,566	25,196,428
	(3)	6,398,557	(4)	171,667	262,579	25,516,455
5,605,736		192,864		132,539	258,371	25,331,193
5,146,775		219,794		178,541	118,329	24,908,700
5,031,947		212,360		167,518	101,948	24,203,887
4,959,034		213,675		179,601	99,596	24,060,731
<p>(3) State assistance diverted to City of Indianapolis in 1996.</p> <p>(4) 1996 and later years represent contract with City of Indianapolis.</p> <p>(5) Includes restricted and unrestricted interest.</p>						

**Table V**

**Indianapolis Public Transportation Corporation  
Assessed and Estimated Actual Value of Taxable Property(1);  
Deposits in Banks(2) and Savings and Loans  
Last Ten Years**

Year	Real Property		Personal Property	
	Assessed Value(3)	Estimated Actual Value	Assessed Value(3)	Estimated Actual Value
2001	\$6,448,200,360	\$19,344,601,080	\$2,503,371,410	\$7,510,114,230
2000	6,263,603,330	18,790,809,990	2,443,136,370	7,329,409,110
1999	6,189,776,810	18,569,330,430	2,354,501,972	7,063,505,916
1998	6,025,393,718	18,076,181,154	2,246,326,643	6,738,979,929
1997	6,081,366,760	18,244,100,280	2,179,927,650	6,539,782,950
1996	6,081,370,090	18,244,110,270	2,355,557,110	7,066,671,330
1995	5,123,627,797	15,370,883,391	1,864,407,933	5,593,223,799
1994	5,069,993,640	15,209,980,920	1,852,430,560	5,557,291,680
1993	5,038,706,738	15,116,120,214	1,771,515,542	5,314,546,626
1992	4,940,904,496	14,822,714,971	1,690,283,514	5,070,851,049

(1) Taxable property is assessed at 33 1/3% of the Estimated Actual Value as per County Auditor's Abstract.

(2) Source: Federal Deposit Insurance Corporation (FDIC).

(3) Per County Auditor's Abstract.

**Table VI**

**Indianapolis Public Transportation Corporation  
Property Tax Rates—All Overlapping Governments(1)(3)  
Last Ten Years**

Year	I.P.T.C.	City	County	Other Municipal Corporations
2001	\$.1113	\$3.7670	\$1.4043	\$1.1730
2000	.1107	3.7825	1.4038	1.1384
1999	.1102	3.8294	1.4042	1.1384
1998	.1098	3.8314	1.4021	1.0891
1997	.1098	3.8033	1.4179	1.0915
1996	.1108	3.8054	1.5970	1.0944
1995	.1118	3.9140	1.6855	1.1309
1994	.1118	3.9140	1.7082	1.1309
1993	.1119	3.9140	1.5593	1.1308
1992	.1136	3.9140	1.4272	1.1400

(1) Rate per \$100 of assessed valuation.

(2) Rate of District 101 (Indianapolis-Center Township), which rate includes all major service.

(3) Data presented are per the Marion County Auditor's Office.

**Table V**  
**Sheet 2**

<b>Total</b>		<b>Bank Deposits</b>	<b>Savings and Loan Deposits</b>
<b>Assessed Value</b>	<b>Estimated Actual Value</b>		
\$8,951,884,590	\$26,855,653,770	\$11,520,000,000	\$2,392,000,000
8,706,739,700	26,120,219,100	10,433,000,000	2,075,000,000
8,544,278,782	25,632,836,346	11,301,000,000	1,903,000,000
8,271,720,361	24,815,161,083	11,277,000,000	1,780,000,000
8,261,294,410	24,783,883,230	9,771,643,000	1,472,507,000
8,436,927,200	25,310,781,600	9,804,723,000	1,498,840,000
6,988,035,730	20,964,107,190	10,042,791,000	1,469,224,000
6,922,424,200	20,767,272,600	7,991,036,000	1,780,185,000
6,810,222,280	20,430,666,840	9,993,564,000	1,541,336,000
6,631,188,010	19,893,566,020	10,062,187,000	1,431,873,000

**Table VI**  
**Sheet 2**

<b>School</b>	<b>State</b>	<b>Other</b>	<b>Grand Total(2)</b>
\$5.3913	\$.0100	\$.7469	\$12.6038
5.9552	.0100	.2756	12.6762
5.8477	.0100	.2932	12.6331
5.3888	.0100	.3606	12.1918
5.5778	.0100	.5409	12.5512
5.5294	.0100	.5391	12.6861
5.7743	.0100	.5274	13.1539
5.5658	.0100	.4151	12.8558
5.2244	.0100	.9547	12.9047
5.2670	.0100	1.2201	13.0919



**Table VII****Indianapolis Public Transportation Corporation  
Bonded Debt  
December 31, 2001**

2001 Full Ad Valorem Tax Valuation	\$426,855,653,770
2001 Taxable Net Assessed Valuation (33 1/3% of full valuation) for Taxes Payable in 2000	\$8,951,884,590
Indianapolis Public Transportation Corporation Bonds Payable from Ad Valorem Taxes	\$13,240,000
Indianapolis Public Transportation Corporation Total Authorized Bonding Level	\$173,093,175
Ratio of Bonded Debt to Full Ad Valorem Tax Valuation	.049%
Ratio of Bonded Debt to Taxable Net Assessed Valuation	.148%

**Direct Debt Limitation**

The Constitution of the State of Indiana provides that total bonded debt caused to be issued by the Corporation payable by taxation from ad valorem taxes may not exceed 2% of the assessed valuation of the taxable property within the boundaries of the Corporation.

**Indianapolis Public Transportation Corporation  
Taxable Valuation and Bonded Direct Debt History  
As of December 31  
Last Ten Years**

**Table VIII**

Year Payable	Net Assessed Valuation(1)	Gross Bonded Debt	Less Bonded Debt Service Funds	Net Bonded Debt			\$ Per Capita (4)
				Amount	Percent		
					(2)	(3)	
2001	\$8,951,884,590	\$13,240,000	\$ 37,892	\$13,202,108	15%	7.63%	\$16.67
2000	8,706,739,700	13,905,000	68,678	13,836,322	.16	7.95	17.47
1999	8,544,278,782	15,575,000	728,822	14,846,178	.17	8.69	20.01
1998	8,271,720,361	2,030,000	1,047,624	987,376	.01	.60	1.33
1997	8,261,294,410	2,950,000	774,645	2,175,355	.03	1.32	2.93
1996	8,436,927,200	3,855,000	986,004	2,868,996	.03	1.70	3.87
1995	6,988,035,730	4,795,000	47,697	4,747,303	.07	3.40	6.40
1994	6,922,424,200	6,010,000	514,267	5,495,733	.08	3.97	7.41
1993	6,810,222,280	7,005,000	520,740	6,484,260	.10	4.76	8.74
1992	6,631,188,010	8,045,000	591,131	7,453,869	.11	5.62	10.05

- (1) Estimated Actual Value is three times the assessed value.  
 (2) To Net Assessed Valuation.  
 (3) To Direct Debt Limitation (2% net assessed valuation).  
 (4) Based on 2000 population of Consolidated City (741,952) for 1990 through 1999 and 2000 population of Consolidated City (791,926) for 2000. Source: U.S. Department of Commerce, Bureau of the Census.

**Tax Due Dates and Penalties**

All taxable property located within the Indianapolis Public Transportation Corporation taxing district is assessed annually each March 1st. In mid-April of the year subsequent to the assessment, individual property tax statements are to be mailed by the Marion County Treasurer to the owners of record as of the assessed valuation date. Taxes are payable to the Treasurer in equal installments on or before May 10 and November 10 of the year subsequent to assessment. The Treasurer remits collections to Indianapolis Public Transportation Corporation and other governmental units within the county.

If any taxpayer fails to pay the tax installments when due, a penalty of 10% of the tax due shall be payable thereon. Installments not paid by November 10th of the following year are assessed an additional penalty of 5% of the tax due. Installments not paid on or before May 10th of the next year result in the tax sale of the taxable property, with the delinquent taxpayers subject to the payment of all costs and expenses that may be incurred in the advertisement of such property and the collection of such taxes through any method authorized by the statutes or laws of the State of Indiana. (See Page 7 of Official Statement for Procedures for Property Assessment, Tax Levy and Collection.)

**TABLE IX**  
**Page 1 of 2**

**INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION**

Schedule of Direct and Overlapping  
Bonded Debt and Bonding Limit (A)  
December 31, 2001  
(In Thousands)

	Assessed Value (G)		Bonding Limit		Bonds Outstanding
			%	Dollar Amount	
<b>Direct Debt:</b>					
Indianapolis Public Transportation Corporation	\$8,951,885		2%	\$ 179,038	\$ 13,240
<b>Overlapping:</b>					
<b>City of Indianapolis:</b>					
Civil City	\$8,825,041	2%	\$	176,501	\$ 2,455
Consolidated County	\$9,493,145	(C)		-	-
Park District	\$9,493,145	(I)		-	29,535
Redevelopment District	\$8,825,041	(I)		-	36,202
Flood Control District	\$9,493,145	2%		189,863	35,765
Metropolitan Thoroughfare District	\$9,493,145	4%		379,726	82,030
Sanitary District	\$8,672,972	12%		1,040,757	98,340
Police Special Service District	\$3,146,458	(B)		-	-
Fire Special Service District	\$2,800,614	(B)		-	-
Solid Waste Collection Special Service District	\$8,838,274	(B)		-	-
Solid Waste Disposal District	\$9,493,145	6%		569,589	-
Public Safety Communications and Computer Facilities District	\$9,493,145	1%		94,931	15,000
Total City Debt				\$ 2,451,366	\$ 299,327 (D)
Marion County	\$9,493,145	2%	\$	189,863	\$ 20,000
<b>Municipal Corporations</b>					
Airport Authority	\$9,493,145	2%	\$	189,863	-
Health & Hospital Corporation	\$9,493,145	2%		189,863	\$ 52,245
Capital Improvement Board	\$9,493,145	2%		189,863	-
Indianapolis-Marion Co. Building Authority	\$9,147,563	(E)		-	42,560
Indianapolis-Marion County Library	\$9,493,145	2%		189,863	43,215
Total Municipal Corporations				\$ 759,452	\$ 138,020
<b>School Districts:</b>					
Beech Grove	\$ 118,249	(J)	\$	36,784	\$ 34,419
Decatur	243,676	(J)		31,486	26,612
Franklin	289,539	(J)		114,250	108,459
Indianapolis Public Schools	2,649,087	(J)		98,957	45,975
Lawrence	1,101,922	(J)		121,355	99,317
Perry	727,513	(J)		123,703	109,153
Pike	1,262,944	(J)		90,509	65,250
Speedway	227,333	(J)		4,547	-
Warren	860,765	(J)		176,293	159,078
Washington	1,140,168			41,651	18,848
Wayne	871,949	(J)		99,945	82,506
Total School Districts	\$9,439,145			\$ 939,480	\$ 749,617

**INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION**  
Schedule of Direct and Overlapping  
Bonded Debt and Bonding Limit (1)  
December 31, 2001

**TABLE IX**  
Page 2

	Assessed		Bonding Limit		Bonds
	Value (G)	%	Dollar Amount		Outstanding
<b>Overlapping (continued)</b>					
Other Cities & Towns:					
Beech Grove	\$ 126,843	2%	\$ 2,537		1,067
Lawrence	300,694	2%	6,014		359
Southport	13,233	2%			265
Speedway	227,333	2%	4,547		2,605
Total Towns and Other Cities	<u>\$ 668,103</u>	2%	<u>\$ 13,362</u>	\$	<u>4,031</u>
Townships					
Center	\$ 1,575,661	2%	\$ 31,513	\$	-
Decatur	244,678	2%	4,894		625
Franklin	333,867	2%	6,677		3,875
Lawrence	1,210,749	2%	24,215		3,238
Perry	808,666	2%	16,173		1,023
Pike	1,287,251	2%	25,745		-
Warren	1,137,609	2%	22,752		2,457
Washington	1,465,391	2%	29,308		-
Wayne	1,429,273	2%	28,585		670
Total Townships	<u>\$ 9,493,145</u>		<u>\$ 189,863</u>	\$	<u>11,888</u>
Excluded Library Districts					
Beech Grove	\$ 118,249	2%	\$ 2,365	\$	3,525
Speedway	227,333	2%	4,547		920
Total Excluded Cities Library Districts	<u>\$ 345,582</u>		<u>\$ 6,912</u>	\$	<u>4,445</u>
Ben Davis Conservancy District	<u>\$ 65,701</u>	(F)		\$	<u>-</u>
Total Overlapping Debt				\$	<u>1,227,328</u>
Total Direct and Overlapping Debt				\$	<u>1,240,568</u>

(A) Excludes Revenue Bonds not payable from ad valorem taxes.

(B) No bonding authority.

(C) No bonding authority from ad valorem taxes.

(D) Excludes \$175 of matured bonds not presented for payment and \$16,668 of deferred interest on the Redevelopment Capital Appreciation bond.

(E) There is no debt limit for the Building Authority. Its debt service requirements are funded by rentals paid by the City of Indianapolis and Marion County from ad valorem taxes mandated by the Authority's enabling legislation.

(F) Ben Davis Conservancy District has no bonding limit. Bonds are payable from either collection of special benefit taxes or revenues produced from the project per Indiana Code 13-3-3-81.

(G) Represents the March 1, 2000 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2001.

(H) See pages XXI and XXII.

(I) There is no statutory constitutional debt limitation to the Park and Redevelopment Districts.

(J) A statutory 2% limit on school district debt does not apply to any debt that is incurred by a school district building corporation for the purpose of constructing facilities to be leased to the school district at rentals sufficient to fund the corporation's annual debt service requirements. The bonding limit shown is sum of the statutory limit plus the outstanding building corporation debt.

Table X

**Indianapolis Public Transportation Corporation**  
**Ratio of Annual Debt Service (Accrual Basis)**  
**To Total Operating Expense**  
**Last Ten Years**

<b>Year</b>	<b>Principal</b>	<b>Interest(2)</b>	<b>Total Debt Service</b>	<b>Total Operating Expense(1)</b>	<b>Ratio of Debt Service to Operating Expense</b>
2001	\$ 665,000	\$673,782	\$1,378,782	\$43,048,785	3.11%
2000	1,670,000	673,533	2,343,533	41,105,006	5.70
1999	985,000	511,140	1,496,140	34,295,459	4.36
1998	920,000	115,481	1,035,481	29,688,861	3.49
1997	905,000	166,508	1,071,508	29,112,983	3.68
1996	940,000	214,473	1,154,473	28,450,664	4.06
1995	1,215,000	283,506	1,498,506	28,648,608	5.23
1994	995,000	344,957	1,339,957	27,124,790	4.94
1993	1,040,000	433,115	1,473,115	26,926,516	5.47
1992	6,087,500 (3)	582,924	6,670,424	25,220,122	26.45

(1) Including depreciation.

(2) Includes amortization of bond discount.

(3) Includes \$5,025,000 of 1984 bonds which were refinanced.

**Indianapolis Public Transportation Corporation  
Transit Vehicles  
December 31, 2001**

**Table XI**

<b>No. of Vehicles</b>	<b>Year(B)</b>	<b>Manufacturer</b>	<b>Engine Type</b>	<b>Seating Capacity</b>	<b>Standing Capacity</b>	<b>Lift/Kneeling Equipped</b>
49	1986	Orion	Diesel	48	21	
15	1987	Orion	Diesel	48	21	
2	1993	Ford	Diesel	8	(A)	2
5	1996	Ford	Diesel	4	(A)	5
30	1997	Gillig	Diesel	43	21	30
33	1997	Metrotrans	Diesel	30	20	33
12	1997	Ford	Diesel	14	(A)	12
17	1997	Dodge	Gas	14	(A)	17
10	1998	Gillig	Diesel	43	21	10
25	1998	Ford	Diesel	14	(A)	22
2	1999	Ford	Diesel	14	(A)	24
25	2000	Gillig	Diesel	23	34	2
36	2000	Ford	Diesel	38	(A)	36
25	2000	Gillig	Diesel	29	39	25
25	2000	Gillig	Diesel	38	39	25
35	2001	Ford	Diesel	14	(A)	14

(A) Used exclusively for elderly and handicapped service. IPTC policy precludes standees on these vehicles.

(B) Average age of equipment is 5.5 years.

**Table XII**

**Indianapolis Public Transportation Corporation  
Schedule of Property and Liability Insurance Coverage  
December 31, 2001**

<b>Type of Coverage</b>	<b>Insurance Company</b>	<b>Policy Number</b>	<b>Policy Term</b>
General and Automobile Liability B.I. - P.D.	Self-insured		
Property	Federal Insurance Co.	0005-63-39 (package policy)	1/1/01-1/1/02
Inland Marine Insurance	Chubb	0005-63-35	
Business Income and Extra Expense	Federal Insurance Co.	0005-63-35	1/1/01-1/1/02
Machinery Breakdown	Federal Insurance Co.	0005-63-35	1/1/01-1/1/02
Earthquake	Federal Insurance Co.	0005-63-35	1/1/01-1/1/02
Flood	Federal Insurance Co.	0005-63-35	1/1/01-1/1/02
Communication Equipment	Federal Insurance Co.	0005-63-35	1/1/01-1/1/02
Farebox Equipment	Federal Insurance Co.	0005-63-35	1/1/01-1/1/02
Blanket Crime Policy	National Union	872-30-94	1/1/01-1/1/02
Excess Worker's Compensation and Employer's Liability Indemnity	Employer's Reinsurance Co.	0365171	1/1/01-1/1/02
Public Official Liability	American International	2437058	1/1/01-1/1/02
Corporation Excess Indemnity	American Highways Insurance	TEXF 131145-01	1/1/01-1/1/02
Fiduciary Liability	National Union	872-30-93 860-29-84	1/1/01-1/1/02

**Table XII**  
**Sheet 2**

Amount of Coverage	Method of Payment
All-Risk Coverage on real and personal property (excluding rolling stock) \$42,478,354 \$1,000 deductible \$1,000,000 Policy limit \$20,000,000 annual aggregate \$50,000 deductible \$20,000,000 annual aggregate \$50,000 deductible \$1,857,000 \$1,000 \$823,000 \$1,000 \$500,000 - \$5,000 Deductible	\$76,576 annual
\$1,000,000 Excess \$275,000 Self-retention W.C. Limit Each Accident-Statutory \$1,000,000 per wrongful act subject to \$1 million aggregate \$10,000 deductible	\$18,866 annual  \$15,756 annual
Excess Indignity - \$3,000,000 Limit \$2,000,000 Vested \$1,000,000 Aggregate Limit (\$10,000 Deductible)	\$52,537  \$9,450



Table XIII

**Indianapolis Public Transportation Corporation**  
**Statistical Data, Ten Years Ended December 31, 2000**

	2001	2000	1999	1998
<b>Selected Operating Data</b>				
Operating revenue	\$ 7,327,267	\$ 7,395,045	\$ 7,887,422	\$ 7,113,656
Operating expenses before depreciation	37,505,484	36,166,710	29,607,361	25,247,656
Depreciation	5,543,301	4,938,296	4,688,098	4,441,205
Federal assistance	8,017,032	9,120,962	6,130,945	4,372,364
Local operating assistance—unrestricted	19,140,351	18,214,242	15,251,497	14,889,832
Net loss for the year	(7,608,029)	(5,261,867)	(4,415,045)	(2,631,664)
<b>Statistical Data</b>				
Annual passengers	10,833,257	11,717,910	11,239,356	10,367,253
Number of routes	37	36	31	31
Annual vehicle miles(2)	10,473,232	9,892,232	9,155,597	8,936,877
Annual vehicle hours(2)	661,272	639,366	566,234	577,536
Number of coaches(1)	* 212	162	150	150
Number of elderly and handicapped vehicles	** 134	90	78	57
Tax rate per \$100 net assessed valuation				
Operating	\$ .0983	\$ .0968	\$ .0968	\$ .0957
Bond service	\$ .0130	\$ .0139	\$ .0134	\$ .0141

(1) Includes emergency reserve fleet and coaches held pending sale, which for 1991 totaled 21 and zero, respectively.

(2) 2000 through 1994 include vehicle miles and hours for both fixed route and paratransit services.

\* Includes coaches held pending sale (38)

\*\* Includes disabled vehicles held pending sale (44)

**Table XIII**  
**Sheet 2**

<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>	<b>1993</b>	<b>1992</b>
\$ 7,282,657	\$ 7,580,150	\$ 7,155,305	\$ 7,010,195	\$ 6,652,177	\$ 6,787,506
24,842,877	25,612,665	25,785,078	23,906,496	22,897,107	21,025,570
4,270,106	2,837,999	2,863,530	3,218,294	4,029,409	4,194,552
1,811,926	1,788,706	3,410,362	3,846,234	3,784,766	3,794,565
14,447,446	14,610,842	13,187,042	12,560,861	12,316,197	12,064,125
(4,912,078)	(3,435,323)	(3,701,803)	(2,620,473)	(3,217,243)	(2,768,602)
9,707,866	9,944,223	9,589,594	9,151,456	8,920,948	9,046,525
32	39	39	39	40	40
8,754,674	8,458,140	7,791,051	6,955,927	6,141,179	6,376,575
573,353	525,667	501,090	495,258	438,570	448,404
170	167	185	202	202	203
46	44	22	26	12	12
\$ .0957	\$ .0869	\$ .0953	\$ .0953	\$ .0945	\$ .0966
\$ .0141	\$ .0131	\$ .0165	\$ .0165	\$ .0174	\$ .0170

**Table XIII**  
**Sheet 3**

**Indianapolis Public Transportation Corporation**  
**Statistical Data, Ten Years Ended December 31, 2000**

	2001	2000	1999	1998
<b>Number of Employees</b>				
Full Time				
Operators	** 279	246	286	253
Transportation Other	25	* 74		
Maintenance	73	64	66	66
Administrative and Other	58	68	60	61
Total full-time employees	435	452	412	380
Part Time(1)				
Operators	11	9	10	9
Other	1	2	2	2
Total part-time employees	12	11	12	11
Grand Total	447	463	424	391

**Ridership and Mileage Trends**

Year	Ridership Total	Increase (Decrease) Over Previous Year	% Increase (Decrease)
2001	10,833,257	(884,653)	(7.55%)
2000	11,717,910	478,554	4.3
1999	11,239,356	872,103	8.4
1998	10,367,253	659,387	6.8
1997	9,707,866	(236,357)	(2.4)
1996	9,944,223	354,629	3.0
1995	9,589,594	438,138	4.79
1994	9,151,456	230,508	2.58
1993	8,920,948	(125,577)	(1.39)
1992	9,046,525	(627,442)	(6.49)

(1) Provision for part-time employees became effective on June 1, 1981, under agreement between Indianapolis Public Transportation Corporation and the Amalgamated Transit Union, Local 1070.

(2) 1994 – 2000 includes vehicle miles for both fixed route and paratransit services.

\* 2000 Included 50 Open Door operators.

\*\* 2001 Included 41 Open Door operators.

Table XIII  
Sheet 4

1997	1996	1995	1994	1993	1992
248	193	216	227	235	235
		19	19	22	23
63	59	84	89	87	87
51	55	46	56	58	52
362	307	365	391	402	397
26	22	28	34	37	35
4	4	2	8	5	5
30	26	30	42	42	40
392	333	395	433	444	437

Year	Mileage Total		Increase (Decrease) Over Previous Year	% Increase (Decrease)
2001	10,473,232		581,000	5.87%
2000	9,892,232	(2)	736,635	8.05
1999	9,155,597	(2)	218,720	2.45
1998	8,936,877	(2)	182,203	2.08
1997	8,754,674	(2)	296,534	3.51
1996	8,458,140	(2)	667,089	8.56
1995	7,791,051	(2)	835,124	12.01
1994	6,955,927	(2)	814,748	13.27
1993	6,141,179		(235,396)	(3.70)
1992	6,376,575		(701,110)	(9.91)

Table XIV

**Indianapolis Public Transportation Corporation**  
**Miscellaneous Statistical Data**  
**December 31, 2001**

Date of Original Incorporation	August 7, 1973
Date of Transit Operations Takeover	January 7, 1975
Form of Management: Appointed Board of Directors	
Fares: Rush hour—\$1.00; free transfer	
Area - Square Miles (Marion County)	402
Average Weekly Service Miles	<b>Miles</b>
<b>Year</b>	
2001	201,408
2000	190,235
1999	176,069
1998	171,863
1997	168,359
1996	162,656
1995	149,828
1994	133,768
1993	118,099
1992	122,626
Miles of Route (Round trip) for fixed route service	<b>Miles</b>
<b>December 31</b>	
2001	910.2
2000	1,012.7 *
1999	928.5
1998	932.2
1997	884.9
1996	798.4
1995	796.8
1994	786.9
1993	1,094.9
1992	1,094.9
Per Capita Income (Marion County)(1)	<b>Income</b>
Available	
<b>Year</b>	
2001	(2)
2000	(2)
1999	\$30,685
1998	29,579
1997	26,577
1996	25,470
1995	24,774
1994	23,465
1993	22,357
1992	21,430

(1) Data presented are per the U. S. Department of Commerce, Bureau of Economic Analysis.

(2) Data not available.

\* Error in Total by 122.6 (duplication) should be 891.1

**Indianapolis Public Transportation Corporation  
City of Indianapolis—Marion County  
Demographic Statistics  
December 31, 2001**

**Table XV**

**Income Level of Marion County Households**

<b>Year Ended December 31</b>	<b>Under \$20,000</b>	<b>\$20,000- \$34,999</b>	<b>\$35,000- \$49,999</b>	<b>Over \$50,000</b>	<b>Total</b>
2001 (4)					
2000 (4)					
1999	79,969	75,954	62,570	116,106	334,599
1998	84,502	78,490	63,460	107,548	334,000
1997	86,019	79,658	63,593	105,430	334,700
1996	88,537	81,855	63,813	99,895	334,100
1995	93,380	83,709	64,699	91,712	333,500
1994	79,368	75,400	66,140	109,792	330,700
1993	80,565	75,236	63,951	93,732	313,484
1992	85,287	79,744	62,502	80,359	307,892

**Population Trend(2)**

	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>	<b>1993</b>	<b>1992</b>
Marion County	860,454	860,454	810,946	812,662	814,286	814,854	815,011	815,293	813,122	812,835
Consolidated City	791,926	791,926	748,918	750,814	753,242	746,737	759,200	755,700	760,700	746,538
MSA(3)	1,607,486	1,607,486	1,536,665	1,519,194	1,438,681	1,504,900	1,492,300	1,473,300	1,452,300	1,292,502

**Population by Age**

	<b>Percent of Total</b>					
	<b>2000</b>	<b>1990</b>	<b>1980</b>	<b>1970</b>		
0 - 19	28%	28%	32%	39%	225,016	244,042
20 - 44	40	42	38	32	338,728	290,450
45 - 64	20	18	20	20	140,594	151,443
65 and over	11	12	10	9	92,821	79,298
	100%	100%	100%	100%	797,159	765,233

- (1) After Unigov reorganization.  
 (2) Data presented are per the U. S. Department of Commerce, Bureau of Census (1995 - 1998).  
 (3) Metropolitan Statistical Area changed in 1993 to also include Madison County, Indiana.  
 (4) Data not available.

TABLE XVI

**Indianapolis Public Transportation Corporation  
City of Indianapolis - Marion County  
Principal Taxpayers and Employers  
December 31, 2001**

Principal Taxpayers	Type of Business	2001 Net Assessed	
		Valuation (A)	Employees (B)
Allison Transmission Division of GM	Manufacturing	\$ (D)	4,139
Amtran (ATA)	Airline	13,568	2,400
Anthem, Inc.	Insurance	5,815	3,285
Bank One Corporation	Banking	30,422	2,391
Citizens Gas & Coke Utility (E)	Utility	18,130	998
Clarian Health Partners (C) (E)	Hospitals	37,182	11,237
Daimler - Chrysler Corp.	Manufacturing	15,426	(D)
Eli Lilly and Company	Manufacturing - Pharmaceuticals	190,469	(D)
Farm Bureau Insurance	Insurance	23,819	745
General Motors Corporation	Manufacturing	41,059	2,452
Indianapolis Power & Light	Utility	135,474	914
Indianapolis Water Company (E)	Utility	40,231	446
Kroger Company	Retail – Grocer	16,388	3,104
Marathon Oil Company	Retail - Oil, gas and other energy	17,928	875
Marsh Supermarkets, Inc.	Retail – Grocer	24,136	4,620
Meijer, Inc.	Retail – Grocer	21,350	2,128
National Starch and Chemical Company	Mnft'g – Chemicals for industrial & household products	21,247	594
Intl. Truck & Engine (G: Navistar Intl.)	Mnft'g - Medium & heavy trucks, school buses	55,209	2,246
Olin Corporation – Olin Brass	Mnft'g – Brass	37,355	34
Rexnord Corporation	Mnft'g - Power transmissions & conveying components	11,661	533
Roche Diagnostics Corp.	Mnft'g – Pharmaceuticals	35,461	940
Visteon Corporation (F: Ford Motor Co.)	Manufacturing	60,198	2,681

**Other Principal Employers**

United States Government		N/A (F)	15,076(G)
Indiana State Government		N/A (F)	12,710(H)
Indianapolis-Marion County Government		N/A (F)	12,621(I)
IUPUI	University	N/A (F)	5,000
Community Hospitals of Indianapolis, Inc.	Hospital/Health Care	N/A (F)	5,293

(A) Represents the March 1, 2000 valuations for taxes due and payable in 2001 as represented by the taxpayer. The principal taxpayers are located in different taxing districts, therefore percentage of total assessed valuation is not applicable. Amounts in thousands.

(B) As of December 31, 2001.

(C) Includes Methodist, I.U., and Riley hospitals.

(D) Data not available.

(E) The Indianapolis Water Company was purchased by the City of Indianapolis in April, 2002.

(F) Not-for-profit entity.

(G) Data is from the Office of Workforce Information located in the U.S. Office of Personnel Management.

(H) Data is per State of Indiana Personnel Department.

(I) Includes the following entities reporting to City-County Council: Airport Authority, Building Authority, Capital Improvement Board, City of Indianapolis, Marion County, Health and Hospital Corporation, Library Board and Indianapolis Public Transportation Corporation.

## APPENDIX F





## Financial Guaranty Insurance Policy

Ambac Assurance Corporation  
One State Street Plaza, 15th Floor  
New York, New York 10004  
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer of Insurance Trustee